



MEMORANDUM

TO: Mayor and Council Members

FROM: Elaine Hart, Chief Financial Officer

DATE: November 15, 2019

SUBJECT: Travis County Creation of Longview 71 Public Improvement District (PID)

On October 29, 2019, the Travis County Commissioners Court held a public hearing and unanimously approved a resolution creating the Longview 71 Public Improvement District (PID) to support financing of \$50,000,000 of proposed public improvements within the PID. The Travis County Commissioners' Court October 29, 2019 Agenda Item #10 and backup is attached. A summary of the five PIDs created by Travis County is attached.

The Longview 71 PID covers about 426.702 acres in eastern Travis County in the City of Austin's extraterritorial jurisdiction (ETJ) near Council District 2. This PID is located east of Del Valle High School, between State Highway 71 and Pearce Lane along Kellam Road. Travis County initially received a petition to create the Longview 71 PID on August 12, 2019 per their resolution.

A public improvement district (PID) is an economic development tool to fund public improvements and/or municipal services in a defined geographic area. Texas Local Government Code Chapter 372 allows the creation of special purpose districts by a city or county, a discretionary act of the city or county governing body. PIDs are created only at request of land owners via a petition of more than 50% of owners of taxable real property liable for assessment under the proposed PID petition. The PID's source of funding is special assessments for the PID's costs (those allowed under the State statute) which are apportioned and paid by land owners that benefit from public improvements and/or services.

A PID supported development project should provide **extraordinary public benefits in exchange for the issuance of the tax-exempt debt** for the PID by the city or county. After the petition was received, County staff worked with Longview 71 representatives to prepare a list of community benefits and public improvements associated with the PID. These are outlined in the attached County documentation. County documentation states that **these lists are still under negotiation**.

Typically, City staff would evaluate a new PID in the context of the City's annexation plan. However, given recent changes in State law related to annexation, it is not reasonable to expect this area to be annexed by the City.

State Law provides that a county may establish a public improvement district unless within 30 days of the county's action to approve a PID, a home rule municipality (e.g., the City of Austin) objects to its establishment **within the municipality's corporate limits or ETJ**. After the 30-day objection period expires, County staff plans to resume negotiations with the developer with a goal to ensure the level of

community benefit attained is the highest possible that still results in a successful project. These final negotiations will be reflected in the Financing Agreement related to the future bond issuances for the PID. Build-out of the PID is expected to occur over a ten year period with multiple bond issuances.

While City staff have not been involved in the analysis or negotiations of this new Longview 71 PID, we have reviewed Travis County's documentation for their action item to create the PID. These documents (see attached October 29, 2019 Agenda Item #10 and backup) outline the creation of the PID as well as public benefits and potential public improvements that the County will be requiring as part of the PID development.

Staff highlights a few observations from our review of Travis County information on the Longview 71 PID.

- The Longview 71 PID estimated tax burden of \$3.05 appears to be higher than average, but below the top of the market in the competitive area [see Page 6 and 7 of the Economic & Planning Systems, Inc. (EPS) report]. DPFG (Owner's advisor) calculates an estimated aggregate rate of \$3.05 per \$100 of assessed valuation by adding the proposed PID assessment of \$0.90 per \$100 assumed assessed value to the other taxes to be paid by the property owners (for County, school district, healthcare, community college, etc.).

EXHIBIT XXXVI Summary of Overall Tax Rates-Area Communities			
Subdivision	School District	Tax Rate/\$100 of Assessed Value	Annual HOA Dues
Austin's Colony	Del Valle	\$2.14	\$300
Bradshaw Crossing	Austin	\$2.21	\$480
Colorado Crossing	Del Valle	\$2.69	\$300
Easton Park	Del Valle	\$3.18	\$600
Goodnight Ranch	Austin	\$2.39	\$480
Prado	Del Valle	\$2.05	\$540
Reserve at McKinney Falls	Del Valle	\$2.39	\$720
Sunchase	Del Valle	\$3.21	\$600
Tiermo	Del Valle	\$2.05	\$360
Vista Pointe	Del Valle	\$2.48	\$390
Vistas of Austin	Austin	\$2.19	\$540
Whisper Valley Ranch	Del Valle	\$2.85	\$600

Per the report, *"Compared to the tax rates of twelve competitive subdivisions near the Project site as identified by 360° Real Estate Analytics, the **aggregate rate for Longview appears to be higher than average, exceeding ten of the twelve subdivisions' tax rates. The average tax rate among the 12 subdivisions cited is only \$2.45 per \$100, roughly 20 percent lower than is proposed for Longview.** However, the two subdivisions that do have higher rates also have significantly more amenities compared to the remaining subdivisions."*

- In contrast to land use strategies identified in the Austin Strategic Mobility Plan, the Longview 71 PID does not contemplate a mix of housing types (single family, middle density housing, multifamily housing) or a mix of uses (e.g., commercial and residential). The proposed all-detached residential housing development tends to promote economic homogeneity due to the narrow range of housing option provided and also cements reliance on automobiles for mobility. A commercial center, the Velocity Crossing PID, is planned for the area and is located just over one mile to the west of the Longview 71 PID. However, the Longview 71 PID is not connected to that center or other employment centers through reliable transit. The style of uniformly low-density development proposed is inherently difficult to serve with transit or micro-mobility solutions.

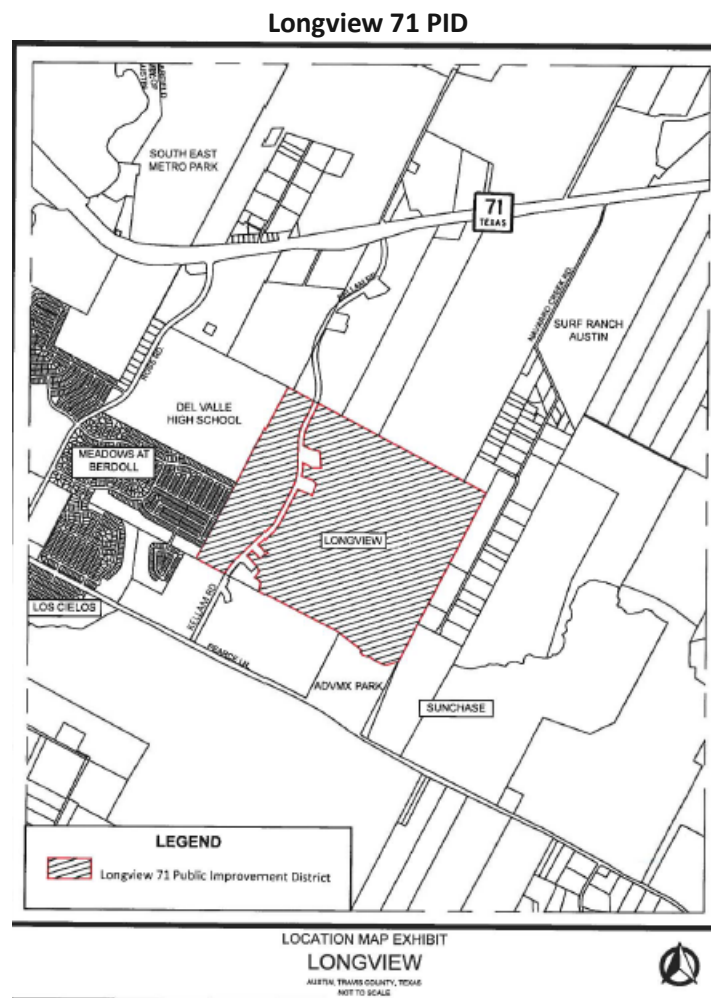
Staff's recommendation is to allow the thirty day period to expire and that Council take no action to object to the County's creation of the Longview 71 PID. Taking no action would have the same result as a vote by the Council in support of the PID's formation.

Alternatively, a **special called Council meeting on or before November 28 would be required for the City Council to consider a resolution regarding the City's objection to the PID's formation**. If Council would prefer a special called meetings, please let the City Manager, Deputy City Manager, or me know as soon as possible. We would need to work with the Mayor to call a special called meeting and meet the normal posting guidelines.

Please let me know if you have any questions or concerns.

cc: Spencer Cronk, City Manager
Nuria Rivera-Vandermyde, Deputy City Manager
Assistant City Managers
PID Policy Working Group

Attachment: Travis County Commissioners Court October, 29, 2019 Agenda item 10.

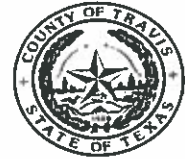


Pubic Improvement Districts created by Travis County (TC)
General Summary
November 15, 2019

Travis County PIDs	WildHorse Ranch PID	Bella Fortuna PID	Turner's Crossing PID	Velocity Crossing PID	Longview 71 PID
Date PID Created	8/9/2016	10/31/2017	11/08/2018	02/12/2019	10/29/2019
Date TC received PID Petition	10/15/2015	09/26/2016	06/06/2016	09/27/2018	08/12/2019
City Objection to PID Creation?	None. Resolution 20160901-010.	None. 2017_1116 MMAC Travis County Creation of Bella Fortuna PID.	None. 2018_1205 MMAC Travis County Creation of Turner's Crossing PID.	None. Resolution 20190307-007.	Pending Council decision.
In City's full purpose annexed area? In City's ETJ?	Austin's full purpose. Annexed per Ordinance 20131121-112.	In Austin's ETJ – 10.0 miles south of downtown Austin.	In Austin's ETJ – 15.1 miles south of downtown Austin.	Austin's full purpose.	In Austin's ETJ. – 16 miles southeast of downtown Austin. About one mile east of Velocity Crossing PID.
TC Precinct/City of Austin District	Precinct 1/District 1.	Precinct 4/Next to District 2 and 5.	Precinct 4/Close to District 2 and 5.	Precinct 4/District 2.	Precinct 4.
Location	Eastern Travis County. South of US Hwy 290. Straddles SH130.	Southeast Travis County. Near Texas Disposal Systems landfill.	Southeast Travis County.	Southeast Travis County. South side of SH71 between FM973 and SH 130.	Southeast Travis County. East of Del Valle ISD. Between SH 71 and Pearce Lane along Kellam Road.
Description of Project	1,550 acre phased residential and commercial development. 2,100 single-family homes and over 2,200 multifamily units and 875,000 square feet commercial space and 680,000 square feet office space.	158 acres. 415 single family detached units. 200 garden style multi-family units. 10,000 square feet of retail & commercial. Multi-modal transportation hub.	470 acres. 1,340 Single family detached homes, 456 multi-family units, 23+ acres of commercial 1.0 million square feet. 20.8 acres donated as future school site.	324 acre master planned commercial development. Unique since a commercial PID, not residential. Planned movie theater, supermarket, multi-family residential, commercial space.	426± acre single family residential development with 1,500 single family detached residential units on 40 to 50 foot lots...

Travis County PIDs	WildHorse Ranch PID	Bella Fortuna PID	Turner's Crossing PID	Velocity Crossing PID	Longview 71 PID
Description of Public Infrastructure	Roads including WildHorse Connector, water and wastewater improvements, parks, trails, swim centers	Cost participation on Pleasant Valley Road extension. Oversized detention ponds. Install regional wastewater main. 46 acres open space & parkland. Proposed 2 mile trail network. Community Benefit Fee of \$650,000.	Water/wastewater and road improvements, landscaping, parks, open space. 20.8 acres donated as future school site.	Extension of water and wastewater infrastructure, public roadway network improvements, park space, trail connections to Onion Creek Greenway.	Water, wastewater, and road improvements, landscaping, parks, open space. 165+/- acres of parkland, trails and open space. 3.5 acres for community benefit site.
Estimated PID project qualified costs (including hard and soft costs, contingency, and construction management fee).	\$95.4 million	\$7.5 million	\$56.6 million	\$70.0 million	\$50.0 million
PID Bonds Issued	None	None	None	None	None
PID Only Equivalent Tax Rate	\$0.35/\$100 AV (2016)	\$0.48/\$100 AV (2016)	\$0.69/\$100 AV (2018)	\$0.6057/\$100 AV (12/5/2018)	\$0.90/\$100 AV
Maximum total equivalent tax rate including PID annual installment	\$2.962/\$100 AV (2016)	\$3.00/\$100 AV (2016)	\$2.99/\$100 AV (2018)	\$3.00/\$100 AV (2018)	\$3.05/\$100 AV
Owner/Petitioner	Heart of Manor LP, Titan HOM LLC, Texas WH 200 LP.	John Michael Buratti. Davey L. Buratti.	Charles Grigson, Executor of Harriet Heep Shaffer Estate.	SH 71-130 Holdings, LP.	AE Johanson Ltd. – owns 100% of privately-owned land in the PID.
Developer	Dwyer Real Estate.	Cadence Ventures Fund LLC.	Meritage Homes Corporation.	Marketplace Real Estate Group. LoneStar Advisors.	William Lyon Homes. Trio Development.
Legal Representative	Armbrust & Brown.	Metcalfe, Wolff, Stuart & Williams.	Metcalfe, Wolff, Stuart & Williams.	Armbrust & Brown, PLLC.	Metcalfe, Wolff, Stuart & Williams.
Financial Consultant	DPFG, Inc.	DPFG, Inc.	DPFG, Inc.	DPFG, Inc.	DPFG, Inc.

**PLANNING AND BUDGET OFFICE
TRAVIS COUNTY, TEXAS**



700 Lavaca Street, Ste. 1560
Austin, Texas 78701

P.O. Box 1748
Austin, Texas 78767

November 1, 2019

VIA FIRST CLASS MAIL

Mr. Spencer Cronk, Austin City Manager
City of Austin
P.O. Box 1088
Austin, TX 78767

Re: Notice of the Approved Resolution for the Creation of Longview 71 Public
Improvement District

Dear Mr. Spencer Cronk:

On behalf of the Travis County Commissioners Court and pursuant to Section 372.003(d) of the Texas Local Government Code, please find enclosed the resolution regarding the creation of Turner's Crossing Public Improvement District. Travis County Commissioners Court unanimously approved the resolution for the creation on October 29, 2019 at approximately 9:30 am. We have attached a copy of the Resolution for Creation.

Respectfully,

A handwritten signature in blue ink, appearing to read "DAR Ramirez", is written over a horizontal line.

Diana A. Ramirez
Director, Economic Development & Strategic
Investments

Enclosure

Cc w/enclosure:

Diana Thomas
Elaine Hart
City of Austin
P.O. Box 1088
Austin, Texas 78767

AE Johanson LTD
4566 Highway 71 E
Del Valle, TX 78617-3213

**RESOLUTION CREATING
THE LONGVIEW 71 PUBLIC IMPROVEMENT DISTRICT AND
ORDERING PUBLIC IMPROVEMENTS
TO BE MADE FOR THE BENEFIT OF SUCH DISTRICT**

PREAMBLE

WHEREAS, Travis County, Texas (the "County") is authorized by Chapter 372, Texas Local Government Code, as amended (the "Act"), and Chapter 481, Travis County Code (the "County's PID Policy"), to create a public improvement district and to levy special assessments against property within the district to pay the costs of public improvement projects that confer a special benefit on property within the district;

WHEREAS, on August 12, 2019, AE Johanson Ltd., a Texas limited partnership, submitted and filed with the County Clerk of the County pursuant to the Act that certain Petition for the Creation of a Public Improvement District to Finance Improvements to Longview Subdivision (F/K/A Johnson 420) (the "Petition") requesting the establishment of a public improvement district covering approximately 426.702 acres in the extraterritorial jurisdiction of the City of Austin (the "City") as depicted in the map attached as **Exhibit A**, to be known as the "Longview 71 Public Improvement District" (the "District" or "PID");

WHEREAS, the Commissioners Court (the "Court") has reviewed the Petition and determined that the Petition satisfies the requirements of the Act and the County's PID Policy;

WHEREAS, after providing the notices required by the Act and by the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, the Court conducted a public hearing on October 29, 2019 to determine the advisability of creating and establishing the District and undertaking the public improvement projects described in the Petition;

WHEREAS, the public hearing was closed on October 29, 2019, after allowing the Court to receive public comments and to hear evidence and make findings as to the advisability, nature, and cost of the improvements, the boundaries of the District, and the method of assessment and apportionment of costs between the District and the County;

WHEREAS, all owners of property located within the proposed District and all other interested persons were given the opportunity at the public hearing to speak for or against the creation of the District and the proposed public improvements;

WHEREAS, the District will provide the public improvements described in the Petition and **Exhibit B** or as negotiated hereafter;

WHEREAS, the County's PID Policy requires that the petitioner pay a PID Community Benefit Fee equal to 10% of net PID bond proceeds at each issuance or

provide affordable housing or other highly desirable community benefits which together equal 10% of the net PID bond proceeds at each issuance;

WHEREAS, "net PID bond proceeds" means the par amount of the PID bonds less delivery date expenses;

WHEREAS, "delivery date expenses" means the sum of the cost of issuance and underwriter's discount;

WHEREAS, in accordance with the County's PID policy, the PID petitioner or its successors will remit the PID Community Benefit Fee to the Capital Economic Progress Corporation;

WHEREAS, the PID petitioner has agreed to comply with the affordable and fair housing requirements in Subchapter B of the County's PID policy; and

WHEREAS, the Court hereby makes findings based on the information contained in the Petition presented to the County, a real estate market analysis, an Affordable Housing, Opportunity and Fair Housing Review, and the comments received at the public hearing;

NOW THEREFORE, BE IT RESOLVED THAT:

Section 1. The Court hereby approves the statements contained in the preamble of this Resolution and finds that all statements are true and correct and incorporates the same in the body of this Resolution.

Section 2. The Court, after considering the Petition and the evidence and testimony presented at the public hearing, hereby finds and determines that:

- (a) the Petition was filed with the County Clerk and was signed by owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current appraisal roll of the Travis Central Appraisal District, and by the record owners of real property liable for assessment under the proposal who own taxable real property that constitutes more than 50 percent of the area of all real property that is liable for assessment under the proposal;
- (b) the proposed public improvements described in the Petition and Exhibit B are authorized under Section 372.003 of Texas Local Government Code, as amended, and are advisable and desirable improvements for the District;
- (c) the proposed public improvements will promote the interests of the County and are of a nature that will confer a special benefit on all property within the District by enhancing the value of such property located within the District;

- (d) the boundaries of the District include all of the property that is set forth and described in the Petition and Exhibit A made a part hereof for all purposes;
- (e) the nature of the proposed improvements are set forth in Exhibit B and estimated costs thereof are set forth and described in the Petition and Exhibit C, each exhibit attached hereto and made a part hereof for all purposes;
- (f) the assessment of costs of the proposed improvements will be levied on each parcel of property within the District in a manner that results in imposing equal shares of the costs on property similarly benefitted;
- (g) the costs of the improvements shall be apportioned between the District and County as allowed by Local Government Code Chapter 372 and Travis County Code Chapter 481;
- (h) the District shall be managed without the creation of an advisory body; and
- (i) The PID petitioner will be permitted to request approval for a service and assessment plan, and an assessment roll, to levy an annual assessment to provide enhanced operations and maintenance services for the public facilities and associated areas of the District.

Section 3. Based on the foregoing, the Longview 71 Public Improvement District is hereby created, and the public improvements are authorized to be made in accordance with the service and assessment plan for the Longview 71 Public Improvement District and other agreements between the County and PID petitioner (or its successors and assigns) to be approved by the Court at a future meeting.

Section 4. After adoption of this resolution, the Travis County Planning & Budget Office is authorized and directed to cause a copy of this resolution to be published in a newspaper of general circulation within the County and the part of the extraterritorial jurisdiction of City in which the District is located, and to provide a copy of this resolution to the City.

Section 5. If any section, article, paragraph, sentence, clause, phrase, or word in this resolution or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this resolution; and the Court hereby declares it would have passed such remaining portions of the resolution despite such invalidity, which remaining portions shall remain in full force and effect.

Section 6. The authorization of the District pursuant to this resolution shall take effect upon publication of this resolution as provided above.

APPROVED THIS 29th day of October, 2019 by the
Commissioners Court of Travis County, Texas.


TRAVIS COUNTY, TEXAS



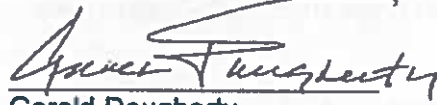
Sarah Eckhardt
County Judge



Jeffrey W. Travillion, Sr.
Commissioner, Precinct 1



Brigid Shea
Commissioner, Precinct 2



Gerald Daugherty
Commissioner, Precinct 3



Margaret Gómez
Commissioner, Precinct 4

EXHIBIT A

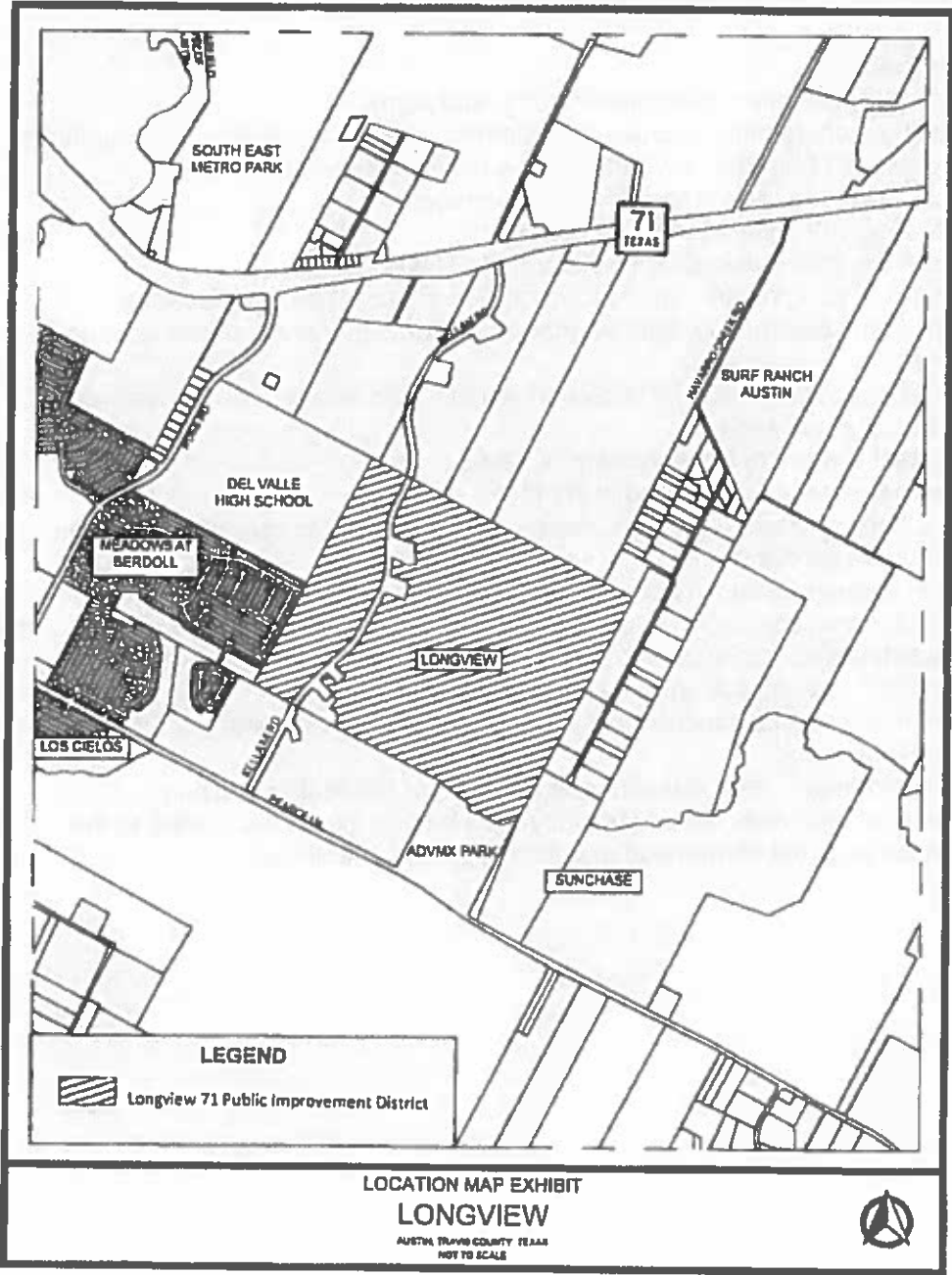


EXHIBIT B
Proposed Public Improvements

The general nature of the proposed public improvements is:

- (1) landscaping;
- (2) erection of fountains, distinctive lighting, and signs;
- (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (4) construction or improvement of pedestrian malls;
- (5) acquisition and installation of pieces of art;
- (6) acquisition, construction, or improvement of libraries;
- (7) acquisition, construction, or improvement of off-street parking facilities;
- (8) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (10) the establishment or improvement of parks;
- (11) projects similar to those listed in (1)-(10);
- (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (13) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (14) payment of expenses incurred in the establishment, administration, and operation of the district; and
- (15) the development, rehabilitation, or expansion of affordable housing.
- (16) payment of expenses under (14) may also include expenses related to the operation and maintenance of mass transportation facilities.

EXHIBIT C
Estimated Costs of Public Improvements

The estimated total cost of the proposed public improvements is approximately \$50,000,000 (including issuance costs and other financing costs), which may be modified to conform to actual expenses. The costs of the improvements will be paid by assessment of the property owners within the proposed District. The County will pay none of the costs of the proposed improvements from funds other than such assessments. The remaining costs of the proposed improvements, as well as any other infrastructure required for the District, will be paid from sources other than the County.



Travis County Commissioners Court Voting Session Agenda Request

Meeting Date: October 29, 2019

Agenda Language:

Consider and take appropriate action on the creation of the Longview 71 Public Improvement District.

Prepared By/Phone Number: Christy Moffett/512.854.1161

Elected/Appointed Official or Department Head: Jessica Rio

Commissioners Court Sponsor(s): Margaret Gómez, Commissioner, Pct. 4

Press Inquiries: Hector Nieto, PIO@traviscountytexas.gov or (512) 854-8740

Background/Summary of Request and Attachments:

On August 12, 2019, Travis County received a petition to create the Longview 71 Public Improvement District (PID) to enable the financing of public improvements within the proposed district. In compliance with the County's PID policy, the petitioner's representative notified the City of Austin of its intent to pursue the creation of the PID with Travis County before it submitted the petition to the County.

The petitioner for the creation of the PID is the current landowner, AE Johanson, Ltd., a Texas limited partnership. The land ownership will be transferred in phases to WLH Communities—Texas, LLC, a subsidiary of William Lyon Homes, a publicly traded western US regional homebuilder. The proposed Longview 71 PID is located on both sides of Kellam Road, between State Highway 71 and Pearce Lane in eastern Travis County (Precinct 4) within the City of Austin's extraterritorial jurisdiction (ETJ). The proposed PID backs up to the eastern edge of Del Valle High School and is located between Berdoll Farms and the Sunchase Planned Unit Development. The PID comprises approximately 426.702 acres and will consist of residential development.

A PID may be created only after a governing body (in this case, the Commissioners Court) holds a public hearing on the advisability of the proposed improvements. Notice of a public hearing was published in the *Austin Chronicle* and *La Prensa*, (a community newspaper) on October 11, 2019. Notice of the public hearing was mailed to the owners of the property within the proposed PID boundaries as well as the Austin City Manager.

A public hearing was opened by Commissioners Court on October 29, 2019.

In seeking the creation of the PID, the owner proposes to use the PID assessment and bond proceeds to construct a single-family residential development that includes almost 1500 single family detached residential units that will meet the Austin Green Energy Green Builder Two Star standard for energy and water efficiency, with walkable streetscapes, alley loading lots, 165+acres of open space, trails, internal multimodal

{W0871235.3}AGENDA REQUEST & BACKUP MATERIALS DEADLINE: Agenda requests and backup materials must be submitted in PDF format via email to agenda@traviscountytexas.gov by **12 noon on Tuesday** in order to be considered for inclusion in the following week's voting session.

paths, and a community building with uses informed through community engagement and determined by community needs. The community building is outside the proposed PID boundaries and ownership and operation of the building is still in the planning phase. Without the financing provided by a PID, market demand would drive the owner to build a traditional subdivision in this prime location.

The creation of the Longview 71 Public Improvement District allows the owner to become eligible for the reimbursement of costs related to the construction of public improvements that specially benefit the PID. The specifics of any reimbursement amounts, bonding capacity, levy of assessments, public improvements, and community benefits will be memorialized in a series of legal agreements and documents that will follow the creation of the PID and will be approved by the Commissioners Court and/or the governing board of the Travis County Development Authority (TCDA).

The community benefits that are proposed for the PID are listed in the attached (Community Benefits) which is a summary provided by the petitioner. The benefits will continue to be refined and will be included as an exhibit to the Financing Agreement that will be developed after creation.

As part of its due diligence review, Travis County hired Economic Planning Systems (EPS) to review the owner's feasibility study, market study, and Phase 1 environmental study and prepare a memorandum of findings, a copy of which is attached, regarding the owner's real estate, market, absorption, phasing and pricing assumptions. EPS found that:

- (1) existing and future development within and surrounding the Longview 71 PID site offers attributes that should make the development attractive to residents;
- (2) the anticipated home prices are within the range found in the local market, suggesting a reasonable approach to valuation and the resulting PID bonding;
- (3) the anticipated value to lien relationship meets the typical PID standard, though the buildout ratio of assessed value to gross bond proceeds is slightly lower than comparable PIDs;
- (4) the anticipated PID amount may need to be reduced if the land value assumption (which will be assessed by an independent third party appraisal at a later date) proves to be aggressive;
- (5) the estimated PID tax burden appears to be higher than average, but below the top of the market in the competitive area;
- (6) the DFPG analysis assumed an average annual absorption rate that is in line with 360° Real Estate Analytics' rate but faster than most competitive developments in the area; and
- (7) DFPG likely overestimated the impact that the PID can have on restraining home prices in the Longview 71 project.

The Travis County Affordable Housing Policy Committee (Committee) also reviewed the owner's studies and the local submarket. The committee's Affordable Housing, Opportunity & Fair Housing Review, a copy of which is attached, finds that the PID is in a low opportunity area that is in transition to a higher opportunity area given the number of known residential, commercial, and infrastructure projects underway. Based on the

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Revised 17-12-05

data in this report, there is a shortage of rental housing in the area, and ownership percentages are higher than county averages. Affordable multifamily housing is planned to be included in the nearby Velocity Crossing PID, which will help mitigate this shortage and diversify the area housing stock.

Based on the current opportunity score, the need for rental housing in the PID area, the single-family composition of the PID, and lack of public transit options, it is our recommendation that the developer pay a 10% Community Benefit Fee at each bond issuance to the Capital Economic Progress Corporation, as outlined in the Travis County PID policy.

Staff Recommendations:

Staff recommends that Commissioners Court approve the attached Resolution Creating the Longview 71 Public Improvement District and Ordering Public Improvements to be Made for the Benefit of Such District.

Issues and Opportunities:

Upon approval, notice of the Commissioners Court's authorization to create the PID will be published one time in a newspaper of general circulation in the County, a community newspaper that serves the PID area, the NextDoor application, and emailed directly to interested parties. Under state statute, the authorization of the PID takes effect when it has been published in the newspaper.

A county may establish a PID that is located in a home rule municipality's ETJ unless, within 30 days of the county's action to approve the PID, the home rule municipality objects to the establishment of the PID within the municipality's ETJ. Because this PID is located within the City of Austin's ETJ, the City will have 30 days to object to the PID's creation. If the City objects to creation of the PID within the statutory time frame, the creation is annulled.

After the 30-day objection period for the City expires, County and TCDA staff will resume negotiations with the owner to ensure the level of community benefit attained is the highest possible that still results in a successful project, and that the promised community benefits are properly memorialized in legal and bond documents, which will subsequently be approved by the Commissioners Court and/or governing board of the TCDA.

Actual construction of PID improvements may not begin (1) until 20 days subsequent to the effective date of the PID's authorization and/or (2) if, during that 20-day period, written protests are signed by at least two-thirds of the landowners within the PID. In this instance, the petitioner owns 100% of the privately-owned land within the proposed PID boundaries, so no landowner protests are anticipated.

Fiscal Impact and Source of Funding:

{W0871235.3}**AGENDA REQUEST & BACKUP MATERIALS DEADLINE:** Agenda requests and backup materials must be submitted in PDF format via email to agenda@traviscountytx.gov by **12 noon on Tuesday** in order to be considered for inclusion in the following week's voting session.

Revised 17-12-05

The County is reimbursed for estimated staff time and direct expenditures related to the review and creation of the PID by the petitioner. After creation, additional costs in connection with the issuance of PID bonds and ongoing administration of the PID are borne by the PID landowners.

The owner has already submitted the filing fee intended to cover in-house review of the petition, and the owner has also established an escrow account with the Travis County Development Authority's trustee. The escrow account funds are used to ensure the advertising, real estate market analysis, attorney fees, and other County and TCDA costs associated with the review and consideration of the PID petition are fully covered by the petitioner and owner. These include the costs of the County's and TCDA's consulting team that are not paid as PID bond delivery date expenses.

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Revised 17-12-05

Required Authorizations:

Diana Ramirez, Director Economic Development and Strategic Investments (512) 854-9694

Jessica Rio, Planning and Budget Office, (512) 854-9106

Copies to:

Ryan Mattox, William Lyon Homes

Angie Newman, Trio Development

Rick Rosenberg, DPFG

Talley Williams, Metcalfe Wolff Stuart & Williams, LLP

Tom Nuckols, Julie Joe - County Attorney's Office

Cynthia McDonald, Morgan Cotten, Janet Coles, Anna Bowlin, Scheleen Walker and
Melissa Zone - TNR

Karen Thigpen and Andrea Shields - PBO/EDSI

Sherri Fleming, Lawrence Lyman, Elena Rivera, and Yaira Robinson, HHS

Cliff Blount, Rachel Heckelman - Naman, Howell, Smith & Lee

Julia Houston - Orrick

Jon Snyder, Vanessa Stowe - P3Works

Spencer Cronk, Diana Thomas, Randi Jenkins, Andrew Linseisen, Mary Marrero - City
of Austin

{W0871235.3}AGENDA REQUEST & BACKUP MATERIALS DEADLINE: Agenda requests and backup materials must be submitted in PDF format via email to agenda@traviscountytx.gov by **12 noon on Tuesday** in order to be considered for inclusion in the following week's voting session.

Revised 17-12-05

**RESOLUTION CREATING
THE LONGVIEW 71 PUBLIC IMPROVEMENT DISTRICT AND
ORDERING PUBLIC IMPROVEMENTS
TO BE MADE FOR THE BENEFIT OF SUCH DISTRICT**

PREAMBLE

WHEREAS, Travis County, Texas (the "County") is authorized by Chapter 372, Texas Local Government Code, as amended (the "Act"), and Chapter 481, Travis County Code (the "County's PID Policy"), to create a public improvement district and to levy special assessments against property within the district to pay the costs of public improvement projects that confer a special benefit on property within the district;

WHEREAS, on August 12, 2019, AE Johanson Ltd., a Texas limited partnership, submitted and filed with the County Clerk of the County pursuant to the Act that certain Petition for the Creation of a Public Improvement District to Finance Improvements to Longview Subdivision (F/K/A Johnson 420) (the "Petition") requesting the establishment of a public improvement district covering approximately 426.702 acres in the extraterritorial jurisdiction of the City of Austin (the "City") as depicted in the map attached as **Exhibit A**, to be known as the "Longview 71 Public Improvement District" (the "District" or "PID");

WHEREAS, the Commissioners Court (the "Court") has reviewed the Petition and determined that the Petition satisfies the requirements of the Act and the County's PID Policy;

WHEREAS, after providing the notices required by the Act and by the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, the Court conducted a public hearing on October 29, 2019 to determine the advisability of creating and establishing the District and undertaking the public improvement projects described in the Petition;

WHEREAS, the public hearing was closed on October 29, 2019, after allowing the Court to receive public comments and to hear evidence and make findings as to the advisability, nature, and cost of the improvements, the boundaries of the District, and the method of assessment and apportionment of costs between the District and the County;

WHEREAS, all owners of property located within the proposed District and all other interested persons were given the opportunity at the public hearing to speak for or against the creation of the District and the proposed public improvements;

WHEREAS, the District will provide the public improvements described in the Petition and **Exhibit B** or as negotiated hereafter;

WHEREAS, the County's PID Policy requires that the petitioner pay a PID Community Benefit Fee equal to 10% of net PID bond proceeds at each issuance or

provide affordable housing or other highly desirable community benefits which together equal 10% of the net PID bond proceeds at each issuance;

WHEREAS, “net PID bond proceeds” means the par amount of the PID bonds less delivery date expenses;

WHEREAS, “delivery date expenses” means the sum of the cost of issuance and underwriter’s discount;

WHEREAS, in accordance with the County’s PID policy, the PID petitioner or its successors will remit the PID Community Benefit Fee to the Capital Economic Progress Corporation;

WHEREAS, the PID petitioner has agreed to comply with the affordable and fair housing requirements in Subchapter B of the County’s PID policy; and

WHEREAS, the Court hereby makes findings based on the information contained in the Petition presented to the County, a real estate market analysis, an Affordable Housing, Opportunity and Fair Housing Review, and the comments received at the public hearing;

NOW THEREFORE, BE IT RESOLVED THAT:

Section 1. The Court hereby approves the statements contained in the preamble of this Resolution and finds that all statements are true and correct and incorporates the same in the body of this Resolution.

Section 2. The Court, after considering the Petition and the evidence and testimony presented at the public hearing, hereby finds and determines that:

- (a) the Petition was filed with the County Clerk and was signed by owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current appraisal roll of the Travis Central Appraisal District, and by the record owners of real property liable for assessment under the proposal who own taxable real property that constitutes more than 50 percent of the area of all real property that is liable for assessment under the proposal;
- (b) the proposed public improvements described in the Petition and Exhibit B are authorized under Section 372.003 of Texas Local Government Code, as amended, and are advisable and desirable improvements for the District;
- (c) the proposed public improvements will promote the interests of the County and are of a nature that will confer a special benefit on all property within the District by enhancing the value of such property located within the District;

- (d) the boundaries of the District include all of the property that is set forth and described in the Petition and **Exhibit A** made a part hereof for all purposes;
- (e) the nature of the proposed improvements are set forth in **Exhibit B** and estimated costs thereof are set forth and described in the Petition and **Exhibit C**, each exhibit attached hereto and made a part hereof for all purposes;
- (f) the assessment of costs of the proposed improvements will be levied on each parcel of property within the District in a manner that results in imposing equal shares of the costs on property similarly benefitted;
- (g) the costs of the improvements shall be apportioned between the District and County as allowed by Local Government Code Chapter 372 and Travis County Code Chapter 481;
- (h) the District shall be managed without the creation of an advisory body; and
- (i) The PID petitioner will be permitted to request approval for a service and assessment plan, and an assessment roll, to levy an annual assessment to provide enhanced operations and maintenance services for the public facilities and associated areas of the District.

Section 3. Based on the foregoing, the Longview 71 Public Improvement District is hereby created, and the public improvements are authorized to be made in accordance with the service and assessment plan for the Longview 71 Public Improvement District and other agreements between the County and PID petitioner (or its successors and assigns) to be approved by the Court at a future meeting.

Section 4. After adoption of this resolution, the Travis County Planning & Budget Office is authorized and directed to cause a copy of this resolution to be published in a newspaper of general circulation within the County and the part of the extraterritorial jurisdiction of City in which the District is located, and to provide a copy of this resolution to the City.

Section 5. If any section, article, paragraph, sentence, clause, phrase, or word in this resolution or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this resolution; and the Court hereby declares it would have passed such remaining portions of the resolution despite such invalidity, which remaining portions shall remain in full force and effect.

Section 6. The authorization of the District pursuant to this resolution shall take effect upon publication of this resolution as provided above.

APPROVED THIS _____ day of _____, 2019 by the
Commissioners Court of Travis County, Texas.

TRAVIS COUNTY, TEXAS

Sarah Eckhardt
County Judge

Jeffrey W. Travillion, Sr.
Commissioner, Precinct 1

Brigid Shea
Commissioner, Precinct 2

Gerald Daugherty
Commissioner, Precinct 3

Margaret Gómez
Commissioner, Precinct 4

EXHIBIT A

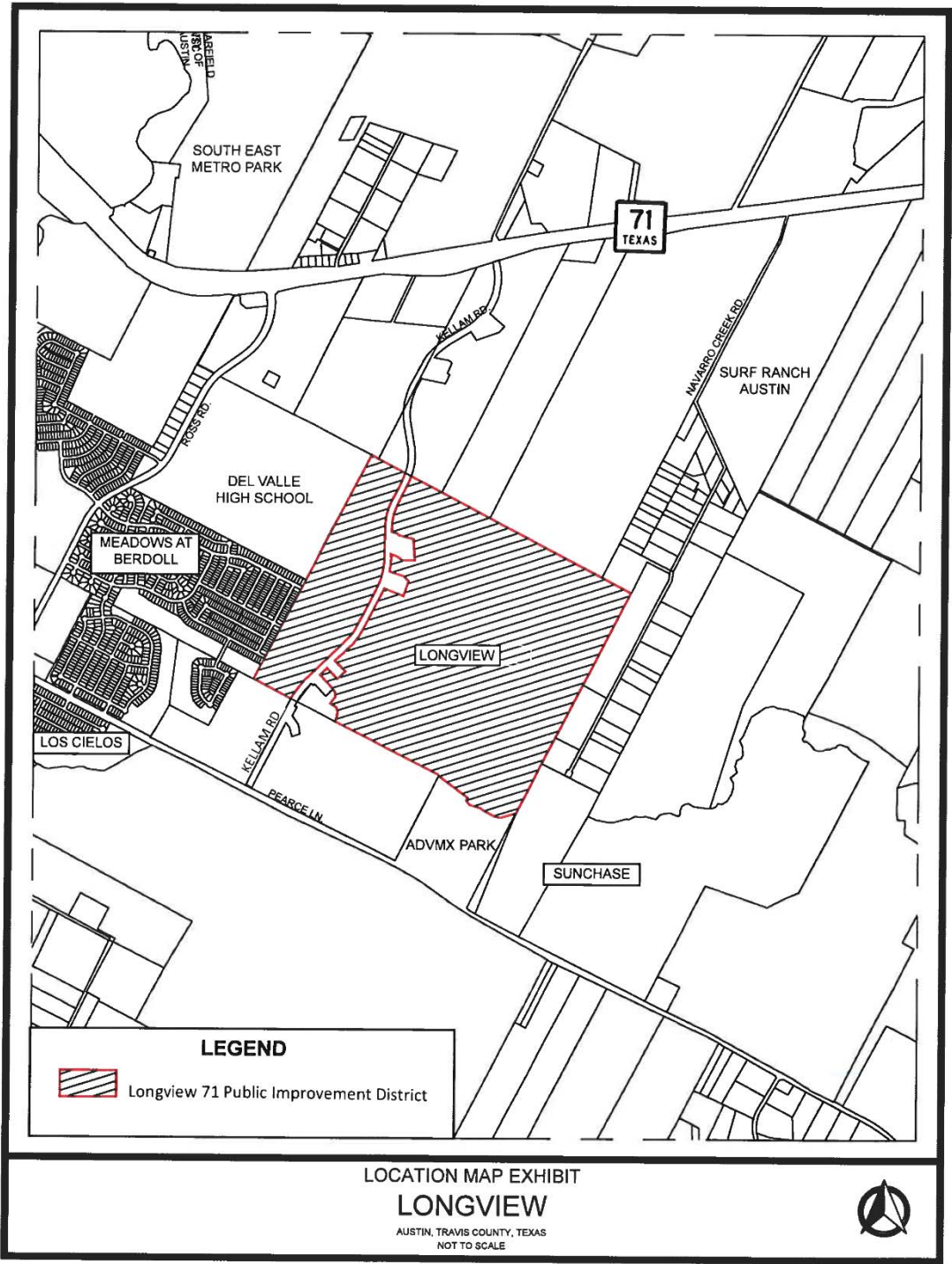


EXHIBIT B










Proposed Public Improvements

The general nature of the proposed public improvements is:

- (1) landscaping;
- (2) erection of fountains, distinctive lighting, and signs;
- (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (4) construction or improvement of pedestrian malls;
- (5) acquisition and installation of pieces of art;
- (6) acquisition, construction, or improvement of libraries;
- (7) acquisition, construction, or improvement of off-street parking facilities;
- (8) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (10) the establishment or improvement of parks;
- (11) projects similar to those listed in (1)-(10);
- (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (13) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (14) payment of expenses incurred in the establishment, administration, and operation of the district; and
- (15) the development, rehabilitation, or expansion of affordable housing.
- (16) payment of expenses under (14) may also include expenses related to the operation and maintenance of mass transportation facilities.

EXHIBIT C
Estimated Costs of Public Improvements

The estimated total cost of the proposed public improvements is approximately \$50,000,000 (including issuance costs and other financing costs), which may be modified to conform to actual expenses. The costs of the improvements will be paid by assessment of the property owners within the proposed District. The County will pay none of the costs of the proposed improvements from funds other than such assessments. The remaining costs of the proposed improvements, as well as any other infrastructure required for the District, will be paid from sources other than the County.

		CODE MIN.	PID	
	1. Projects that will generate primary employment or other long-term economic development benefits to the County, above and beyond the economic development benefits generated by hiring short-term workers to construct the project supported by the PID.	N/A	No Minimum	N/A
	2. Projects that increase Affordable Housing opportunities for persons of low or moderate incomes.	✓	No Minimum	All at less than 120% MFI, 10% of net PID bond proceed will be paid to Travis County
	3. Improvements or services that advance Approved Master Plans.	✓	No Minimum	Greenbelt dedication, conservation proection
	4. Projects that create or enhance parks, hike and bike trails, recreational facilities, open space benefits, etc. that exceed what is required by applicable development regulations.	✓	21 acres parkland	165 acres parkland
	5. Projects that improve environmental protection, stormwater quality, and flood control benefits in ways that exceed what is required by applicable development regulations.	✓	Mitigate all wetland CEFs	Restoration of riparian corridor
	6. Projects that increase or enhance mass transit, bicycle, pedestrian, carpooling, or any transportation options other than single-occupant vehicles.	✓	No Minimum	Land for future mass transit stop and multi use trails
	7. Projects that improve public educational or health programs and/or facilities.	✓	No Minimum	3.5 acres for Community Benefit Facility
	8. Projects that provide innovative, exceptional benefits to improve the public roadway network in the County other than the project's internal streets.	✓	No Minimum	10' shared path along Kellam
	9. Projects featuring excellence in community design, including well-connected streets, humane public spaces, on-site amenities, and a mix of land uses in walking distance.	✓	No Minimum	Accessible and walkable community
	10. Projects that incorporate more than minimal green building standards.	✓	One Star Standard	Two Star Standard

MEMORANDUM

To: Karen Thigpen and Diana Ramirez, Travis County Corporations

From: Darin Smith and Snow Zhu

Subject: Longview Public Improvement District Real Estate Assumptions; EPS #191061

Date: July 2, 2019

The Economics of Land Use



Travis County Corporations ("TCC") retained Economic & Planning Systems, Inc. (EPS) to assist in TCC's evaluation of a proposed Public Improvement District (PID) financing for the Longview property. EPS is specifically tasked with reviewing the market assumptions being used by the developer to formulate their PID revenue projections. The intent of this review is to provide the County and Corporations with a third-party opinion as to whether the project itself appears viable, and whether the real estate assumptions are reasonable and achievable. The specific questions posed by the TCC to EPS include:

- 1) Is the development program likely to be marketable?
- 2) Are the land and development value assumptions reasonable?
- 3) Is the resulting cost burden on property owners reasonable?
- 4) Are the development absorption and phasing assumptions reasonable?

A finding that each of these factors is reasonable is intended to provide some assurance (though no guarantee) that the PID debt will be successfully repaid since the only security for such debt will be the assessments levied against the property.

Project Background

Longview ("the Project") is a 431-acre parcel in southeast Austin that is proposed for development as a master planned community by William Lyon Homes (the "Developer"). The Developer seeks to issue PID bonds to help finance the infrastructure of the Project area. The contemplated PID bonds would be secured by the value of the land and development at Longview, and the debt service would be repaid through special assessments on the developed properties, with the Developer serving to provide interim debt service as needed.

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Summary of Developer Assumptions

EPS has reviewed site plans and economic analysis provided by the Developer and their consultants, including the Draft PID Feasibility Study produced on June 6, 2019 by Development Planning & Financing Group, Inc. (DPFG). DPFG has experience preparing feasibility studies for multiple Public Improvement Districts and many other land-secured financing mechanisms throughout the United States, and was the consultant to a number of different development entities for the Whisper Valley, Indian Hills, and WildHorse Ranch PIDs authorized within the past several years (for which EPS provided similar due diligence services to Travis County/TCC and/or the City of Austin). The DPFG study for Longview indicates the following programmatic assumptions:

Project Size: 431 Acres
Single-family Homes: 1,500 Units on 40 to 50-foot lots

EPS Findings

In June 2019, EPS received and reviewed a variety of studies and data from the Developer and its consultants. In addition to the DPFG study, the Developer provided a market report from 360° Real Estate Analytics, a third-party real estate market consulting firm based in Austin. EPS has also reviewed market data available through CoStar subscription and other services, as well as the findings and methodologies used on a number of other PID studies in Travis County during recent years.

From our review of the revised project-related materials provided by the Developer, including statistical research and real estate analysis produced by third parties, EPS has formulated the following opinions:

1. Existing and future development within and surrounding the Longview site offer attributes that should make the development attractive to residents.

The Longview community will be located in southeast Austin, approximately 16 miles southeast of Downtown Austin and roughly 3 miles east of the Austin Bergstrom International airport. The site is located off of State Highway 71 and covers both sides of Kellam Road, east of the SH 130 toll road. This location should provide strong access to the region's employment centers, including the airport area which is planned for significant growth in the near future. As with other suburban communities built in East Travis County, employed residents are likely to commute by car to their place of employment. As mentioned by 360° Real Estate Analytics in the market study, the Longview community's location provides easy access to major arterials including the IH 35, SH 71, FM 973, the SH 45 Southeast toll road, and the SH 130 toll road.

The site is not immediately situated near any major retail centers, though there is retail development planned in the area. The market study indicates that the closest major grocery establishments are two HEB grocery stores 9 and 12 miles away. However, the planned Velocity Crossing development just one mile west of Longview will have a new HEB grocery store and other retail establishments in the next few years.

Other nearby features of note mentioned in the market study include a number of golf courses, parks, and entertainment centers. Southeast Metropolitan park is located 1.5 miles northwest of the site, and Richard Moya Park is located 6 miles southwest of the site. The Circuit of Americas racetrack and entertainment complex is also located 3 miles south of the

site. It opened in 2012 and is described in the market study as the home of the Formula 1 U.S. Grand Prix as well as a venue for concerts throughout the year. In the Longview project itself, the Developer plans to preserve 165 acres of open space, develop a 3.7-acre central park, and build 4 smaller parks covering 3 acres in total.

In addition to the aforementioned existing commercial and recreation centers, there are a few large proposed projects in the area that may increase the attractiveness of the Longview community to future residents. In the direct vicinity of the Longview project is the Velocity Crossing mixed-use commercial development comprised of four million square feet of commercial, entertainment, and multi-family uses. The Austin Community College has also purchased a 124-acre site nearby, which they are planning to use to build a new campus for a career technical center. Although the timing of this project is unknown, a new education center will likely draw more people to the area surrounding the campus.

The site's school district is the Del Valle Independent School District (ISD). The market study reports that the Del Valle ISD performs below average compared to most other ISDs located to the east of Austin. The only ISD in the eastern region that Del Valle ISD outperforms is the Manor ISD. The expectation that 360° Real Estate Analytics expresses is that the Del Valle ISD schools will improve over time as new residents are added to the region and the demographic of the community changes.

Overall, the Longview project is situated in an area of Travis County that is growing and likely to continue to grow as home buyers are drawn outside of traditional suburban markets in Austin due to increased congestion. There is emerging interest from builders in developing the Del Valle market area, defined as the boundaries of the Del Valle ISD by 360° Real Estate Analytics. In addition, the new communities in the market area offer relatively affordable price points for homes. For these reasons, the market study concludes that the Del Valle area is likely to be a viable option for growth over the next several years.

2. The Longview anticipated home prices are within the range found in the local market, suggesting a reasonable approach to valuation and resulting PID bonding.

360° Real Estate Analytics provided forecasts on home pricing for the Longview community. For 40' alley load lots, they suggest a range of \$210,000 to \$240,000. For 40' front load lots, the range is \$205,000 to \$250,000. For the largest 50' front load lots, the proposed range is \$235,000 to \$300,000. To arrive at these projected home prices, 360° Real Estate Analytics looked at sales histories of comparable communities with similar lot sizes and price ranges, and used this information to formulate prices for the Longview project.

The DPFG feasibility study also contains a set of home price assumptions used in the financing calculation provided to them by the Developer. The 40' alley load lots are \$223,590, the 40' front load lots are \$231,823, and the 50' front load lots are \$262,452. As shown in **Figure 1**, the home prices used in the feasibility study by DPFG fall near or below the middle of the recommended pricing ranges provided by 360° Real Estate Analytics. The distribution of homes by lot size also match between the two studies.

Figure 1 360° Real Estate Analytics Recommended Single-Family Home Prices vs. DPFG Assumptions

Lot Width	360° Real Estate Analytics Recommended Mix	DPFG Assumed Assumed Mix	360° Real Estate Analytics Recommended Average Home Base Price	DPFG Assumed Average Price
40' Alley Load	33%	33%	\$210,000 - \$240,000	\$223,590
40' Front Load	51%	51%	\$205,000 - \$250,000	\$231,823
60' Front Load	16%	16%	\$235,000 - \$300,000	\$262,462
Weighted Average Price			\$233,000	\$233,930

Sources: 360° Real Estate Analytics; DPFG.

360° Real Estate Analytics notes that the median home price in the Austin MSA is now approaching \$300,000. This is higher than the average price points offered in Longview, and even the most expensive proposed home price in Longview does not exceed \$300,000. When looking at a list of comparable communities and price ranges generated by 360° Real Estate Analytics, it is clear that the Longview home prices fall within the range of prices that is typical of comparable communities in the Longview market area. The lowest home price shown from a comparable community is \$198,000 for a 50' home and the highest price is \$394,000 for a 60' home.

The DPFG analysis suggests that Longview generates affordable single-family homes needed in Travis County. The assumed average home price for Longview over the course of its buildout is \$233,930, which would likely be affordable to a household with an annual income of about \$64,400,¹ which is well below the \$95,000 2018 "median income level" for a family of four in Travis County, according to the US Department of Housing and Urban Development (HUD). As such, the Longview home pricing assumptions represent a relatively affordable housing option in the growing region.

3. The Longview anticipated value to lien relationship meets the typical PID standard, though the buildout ratio of assessed value to gross bond proceeds is slightly lower than comparable PIDs.

A PID-type bond must bear some relationship to the value of the underlying asset used for collateral. DPFG has indicated that a 3:00 ratio of asset value to bond amount is reasonable, and EPS agrees based on past projects in Texas and nationally. The DPFG analysis provided to EPS and dated June 6, 2019 assumes an initial gross bond amount of \$4.9 million will be supported by a project value of \$14.6 million at the time of the issuance. This value figure consists of \$16.2 million in "improved" land value (land entitled and served by basic infrastructure but not yet ready for development of units), less an assumed "appraisal

¹ A household earning \$64,400 spending 30% of annual income on housing costs could afford to pay principal and interest on a \$233,930 home with a 30-year loan at 5.00% interest and pay property taxes at 3.05% of unit price.

discount" of \$1.6 million associated with the bulk valuation of the land that will not in fact be sold immediately. This initial bond yields a 3:00 value-to-lien ratio.

The initial PID bond is proposed to be followed by several more as the project builds out and total property values increase. DPFPG estimates the total assessed value of the project subject to the PID will be \$395 million at buildout, while total gross bond proceeds will be \$36.9 million, resulting in a value-to-lien ratio of 8.47. EPS compared the initial and total value-to-lien ratios of comparable PIDs and found that the Longview ratios are lower than those of other projects, as shown in **Figure 2**. Further discussion of the implications of these value-to-lien ratios may be warranted, although EPS suspects that the risk would primarily fall to the developer if the bond market requires higher ratios; the developer would simply have to fund more of the infrastructure themselves rather than deferring some infrastructure financing to the project's eventual occupants.

Figure 2 Value to Lien Comparison to other PIDs

Project	Initial Bond Issuance			All Bond Issuances		
	Gross Bond Proceeds	Project Value	Value to Lien Ratio	Gross Bond Proceeds	Total Project Value	Value to Lien Ratio
Longview (2019)	\$4,875,000	\$14,613,649	3.00	\$46,650,000	\$395,135,245	8.47
Turner's Crossing (2018)	\$14,125,000	\$42,385,296	3.00	\$34,550,000	\$351,967,425	10.19
Estancia (2018)	\$8,465,000	\$26,519,108	3.13	\$8,465,000	\$170,943,040	20.19
Bella Fortuna (2017)	\$9,150,000	\$29,560,080	3.23	\$9,150,000	\$133,755,400	14.62
Wild Horse (2014)	\$6,685,000	\$62,476,753	9.35	\$47,125,000	\$1,043,779,938	22.15
Indian Hills (2009)	\$3,245,000	\$58,817,112	18.13	\$24,660,000	\$442,989,000	17.96

Sources: DPFPG PID Feasibility Analyses

4. The anticipated Longview PID amount may need to be reduced if the land value assumptions prove to be aggressive.

The DPFPG study assumes land for market-rate single-family homes will sell at the following average (rounded) prices per unit:

- 40-foot alley load lots: \$49,687
- 40-foot front load lots: \$51,516
- 50-foot front load lots: \$58,323

These land prices represent roughly 22 percent of finished unit values, which are assumed to average from \$223,590 for the 40' alley load lots to \$262,452 for the 50' front load lots. This proportion of unit value is within but toward the higher end of the range of typical expectations in the Austin region, in EPS's experience. In addition, recent increases in construction costs, attributed both to high demand for labor and materials and to national trade policies, may result in higher-than-expected development costs that may diminish the

“residual land value” (the difference between unit development costs including profit margins and the price at which the unit can be sold) for a given project, unless the finished unit values also increase, at which point the units may not meet the “sweet spot” of a deep market segment that can afford the homes. EPS understands that the PID revenue calculations are preliminary at this time, and subject to adjustment based on a future appraisal of the underlying land value. EPS recommends that the County/TCC request that the appraiser provide an opinion on this matter at the time of the appraisal, or otherwise confirm that the comparable transactions used to estimate the value of the Longview property be adjusted if appropriate for construction cost inflation that may have occurred since the date of their transaction.

5. The estimated PID tax burden appears to be higher than average, but below the top of the market in the competitive area.

DPFG adds the PID assessment (at 0.90 percent of the assumed assessed value) to the other taxes to be paid by the property owners (for County, school district, healthcare, community college, etc.) which results in an aggregate rate of \$3.05 per \$100 of assessed valuation.

Figure 3 Longview Proposed Ad Valorem Tax Revenue

Tax Entity	2018 Ad Valorem Rate (or equivalent) per \$100 AV	Annual Revenues Upon Project Buildout
A. Projected AV Upon Buildout		\$ 395,135,245
B. Ad Valorem Taxes [a]		
Travis County	\$ 0.35	\$ 1,399,569
Austin Community College	\$ 0.10	\$ 414,102
Travis County ESD #11	\$ 0.10	\$ 395,135
Travis County ESD #15	\$ 0.10	\$ 395,135
Del Valle ISD	\$ 1.39	\$ 5,492,380
Travis Central Health	\$ 0.11	\$ 415,765
Total Ad Valorem	\$ 2.15	\$ 8,512,086
C. Effective PID Rate	\$ 0.90	
Total Equivalent Tax Rate	\$ 3.05	

Footnotes:

[a] 2018 rates per the Travis Central Appraisal District.

Compared to the tax rates of twelve competitive subdivisions near the Project site as identified by 360° Real Estate Analytics, the aggregate rate for Longview appears to be higher than average, exceeding ten of the twelve subdivisions’ tax rates. The average tax rate among the 12 subdivisions cited is only \$2.45 per \$100, roughly 20 percent lower than is proposed for Longview. However, the two subdivisions that do have higher rates also have significantly more amenities compared to the remaining subdivisions. For example, in **Figure 4**, one can see that the Sunchase subdivision has the highest tax rate of \$3.21, but as part of its offerings, has 600 acres of open space and parks with recreation centers. From a home buyer’s perspective, the higher tax rate of Longview could potentially be offset by access to

the extensive range of nearby open space, trails, and parks included in the Longview project. However, it is important to note that this project will be competing directly with projects such as Sunchase.

Figure 4 Tax Rates Comparison

EXHIBIT XXXVI			
Summary of Overall Tax Rates-Area Communities			
Subdivision	School District	Tax Rate/\$100 of Assessed Value	Annual HOA Dues
Austin's Colony	Del Valle	\$2.14	\$300
Bradshaw Crossing	Austin	\$2.21	\$480
Colorado Crossing	Del Valle	\$2.69	\$300
Easton Park	Del Valle	\$3.18	\$600
Goodnight Ranch	Austin	\$2.39	\$480
Prado	Del Valle	\$2.05	\$540
Reserve at McKinney Falls	Del Valle	\$2.39	\$720
Sunchase	Del Valle	\$3.21	\$600
Tiermo	Del Valle	\$2.05	\$360
Vista Pointe	Del Valle	\$2.48	\$390
Vistas of Austin	Austin	\$2.19	\$540
Whisper Valley Ranch	Del Valle	\$2.85	\$600

EPS reviewed similar estimates and comparisons for other PID projects in the vicinity and in greater Austin, and found other subdivisions with tax rates that were both lower and higher than the figure for Longview. Based on these comparisons, EPS concludes that the market has proven buyer's willingness to pay aggregate tax rates similar to or greater than those projected for Longview, but that Longview will be at the higher end of the tax rate spectrum. Given that the home prices of Longview are similar to those of surrounding communities, buyers who are looking for the amenity set that Longview offers may be willing to pay the higher tax rates.

6. The DPFG analysis assumes an average annual absorption rate that is in line with 360° Real Estate Analytics' rate but faster than most competitive developments in the area.

The DPFG analysis suggests that the final PID bond would be issued in 2029, at which point the full buildout value of the Project would be in place. The construction timetable provided by DPFG indicates that the first set of homes will finish construction in May 2021. Assuming the Project's 1,500 single-family homes are built and sold between 2021 and 2029 (a nine-year period), the Project would achieve an average absorption rate of roughly 167 units per year. The absorption rate calculated from DPFG's assumptions is nearly the same as 360° Real Estate Analytics' recommended rate of 168 units per year. However, only one project (Austin Colony) listed in **Figure 4** above was shown in the 360° Real Estate Analytics' market study to have achieved this rate of absorption in the past two years. With as many as 31,000 lots in the competitive pipeline, a more conservative absorption assumption may be warranted.

7. DPFG likely overestimates the impact that the PID can have on restraining home prices in the Longview project.

Exhibit F of the DPFG analysis presents a "Homeowner Cost Comparison" intended to show how the use of the PID financing mechanism can yield lower home prices than might otherwise be required for the Longview project to be feasible. The analysis asserts that because the Developer can use PID proceeds in place of equity to fund initial infrastructure, they can sell the improved lots at a lower price. Without the PID, DPFG suggests that the cost of improving the lots would be greater, and thus the price of the home itself must also be greater in the same proportion.

EPS believes this impact is overstated in DPFG's analysis. For example, for a typical 40-foot alley load lot, DPFG indicates that the PID requirement will finance \$23,060 of infrastructure. Because that cost is incurred by the homebuyer rather than the Developer, DPFG suggests that the lot would be sold for \$49,700, but that in the absence of the PID, the same lot would need to be sold for \$72,700. DPFG then asserts that there is a static relationship between the required prices of homes and the costs paid for an improved lot, at a ratio of 4.50. So, DPFG claims that the unit sold on the \$49,700 lot with a PID in place will be priced at \$223,600 while the same unit would need to sell for \$327,600 if there were no PID.

However, EPS believes this calculation greatly overstates the price increase that would be required for a developer to achieve a desirable profit margin on the home sale. As shown below in **Figure 5**, if the construction of the home itself costs \$150,000, then selling the home at \$223,600 on a \$49,700 lot would yield a profit margin of 12 percent on total costs. If the exact same home were built on the exact same lot, but the lot itself cost more to improve, the DPFG formula would suggest that the same home must be sold for \$327,362 (46 percent more). At this price point, the builder would receive a profit of 41 percent on total costs, nearly triple the profit margin under the scenario with a PID. While EPS recognizes that higher lot acquisition and improvement costs may require the units to be sold at higher prices to achieve comparable and attractive profit margins, our calculation below indicates that the builder could still achieve a 12 percent profit margin on costs by selling the unit at \$249,400, only 12 percent higher than would be required on a \$49,700 lot.

While this assessment may not be material to the feasibility or the County's risk profile of the PID for Longview, EPS believes it is worth noting when considering the County's benefit of creating the PID, so that the benefits are not overstated.

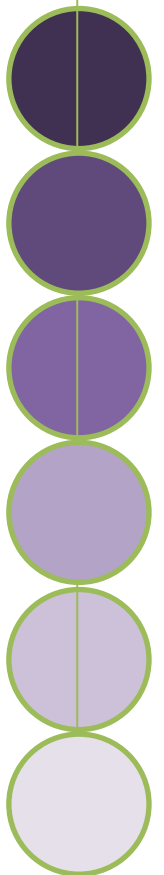
Figure 5 Homeowner Cost Comparison Analysis

	Lot Cost	Home Construction Cost	Total Home Price	Developer Profit	Developer Profit on Costs
	<i>a</i>	<i>b</i>	<i>c</i>	$d=c-b-a$	$e=d/(a+b)$
DPFG Calculation (home price = 4.5X lot price)					
<i>With PID</i>	\$49,687	\$150,000	\$223,590	\$23,903	12%
<i>Without PID</i>	\$72,747	\$150,000	\$327,362	\$104,615	47%
EPS Calculation (home price reflects builder profit margin)					
<i>With PID</i>	\$49,687	\$150,000	\$223,590	\$23,903	12%
<i>Without PID</i>	\$72,747	\$150,000	\$249,410	\$26,663	12%

Affordable Housing, Opportunity & Fair Housing Review

Longview 71 Public Improvement District

Submitted by the Travis County Affordable Housing Policy Committee
to Diana Ramirez, Planning & Budget Office
September 9, 2019



Acknowledgements

Affordable Housing, Opportunity & Fair Housing Review for the Velocity Crossing Public Improvement District

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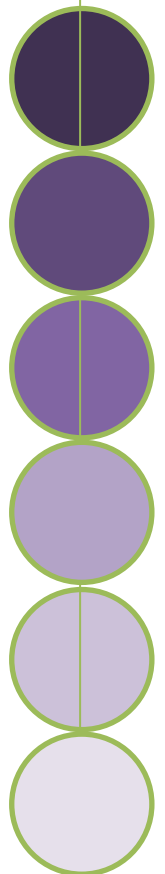


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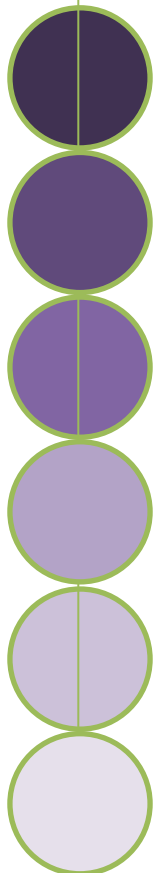
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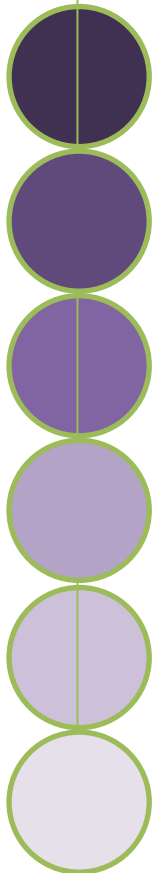
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Executive Summary



I. Executive Summary

A. Introduction

In April 2016, the Travis County Commissioners Court approved its first Public Improvement District (PID) Policy. A PID is one of a limited number of tools available to the County to create affordable housing through private development. In addition to promoting affordable housing goals, the policy can offer other community benefits including improved infrastructure and amenities.

In April 2015, the Travis County Commissioners Court approved the creation of an interdepartmental Affordable Housing Policy (AHP) Committee, made up of County employees and a representative from the City of Austin, to draft affordable housing policies and identify tools to support affordable housing. The committee's work is informed by the following interrelated concepts:

- **Affordable Housing:** Housing that does not create an excessive cost burden, meaning no more than 30 percent of a household's income is spent on housing costs.
- **Opportunity:** Having access to a high quality of life, including jobs, quality housing, good schools, healthcare, healthy food, clean air, clean water, parks, and other amenities and services.
- **Fair Housing:** The Fair Housing Act protects people from discrimination when they are renting, buying, or securing financing for any housing. The prohibitions specifically cover discrimination because of race, color, national origin, religion, sex, disability and the presence of children. Fair housing focuses on the accessibility of housing to protected classes no matter their income, the availability of housing for all protected classes in areas with high opportunity and housing (affordable and market rate) located all throughout the county.

As part of its charge, the AHP Committee developed a framework to conduct reviews of proposed PIDs to ensure compliance with fair housing requirements and to provide recommendations related to affordable housing and improving opportunity.

The Longview 71 development is a proposed project located on an undeveloped tract of land in Southeastern Travis County and would contain a mix of residential and commercial development. The project developer, William Lyon Homes, has requested approval of a petition to create the Longview 71 Public Improvement District with a maximum bonding capacity of \$66,600,000 as estimated by the developer. The review of the proposed Longview 71 development was completed by members of the AHP committee and Community Development Block Grant (CDBG) staff.

B. Components of the Review

The Longview 71 PID review consists of three components: affordable housing, opportunity and fair housing.

Housing is considered affordable if it does not create an excessive cost burden, meaning no more than 30 percent of a household's income is spent on housing costs. The Housing Analysis assesses the value and type of existing housing in the area surrounding the PID boundaries¹ since the PID is currently an undeveloped greenfield. Generally speaking, the analysis seeks to identify if additional affordable housing is needed in the area and to what income populations it should be targeted.

The Opportunity Analysis includes a review of factors which contribute to the quality of a neighborhood or area. Affordable housing development is best prioritized in areas of moderate to high opportunity. Areas of high opportunity have strong schools as well as excellent neighborhood amenities such as pools, walking trails, access to healthy food, medical and social services, transit and job centers. Moreover, high opportunity areas are removed from environmental hazards. Areas of lower opportunity need investments to alleviate the factors contributing to the lower opportunity.

Fair Housing Compliance requires reviewing information related to racial, ethnic and economic segregation patterns in a given census block group. The CDBG program's Analysis of Impediments to Fair Housing Choice and related Fair Housing Plan provide the basis for the review. Additionally, the County considers racial and ethnic patterns based on whether the proposed PID is located in an impacted block group. As a CDBG entitlement, the County must not contribute to segregation patterns, but rather must seek to improve racial, ethnic and economic balance through affirmative marketing and other strategies.

High level summaries of all components of the review are provided in Tables 1-3 below, followed by the group's recommendations. Part II of this report includes the detailed analyses that informed the recommendations.

¹ In order to assess the demographics and existing housing in the area, data was pulled for an area within a three-mile radius of the proposed project. Unless otherwise stated, the PID area is defined as the 3-mile radius around the property (from the approximate center of the property). Likewise, unless otherwise noted, the characteristics of the PID area are compared to Travis County as a whole.

C. Summary of Analysis

Map 1. Project Location with 3-Mile Buffer²

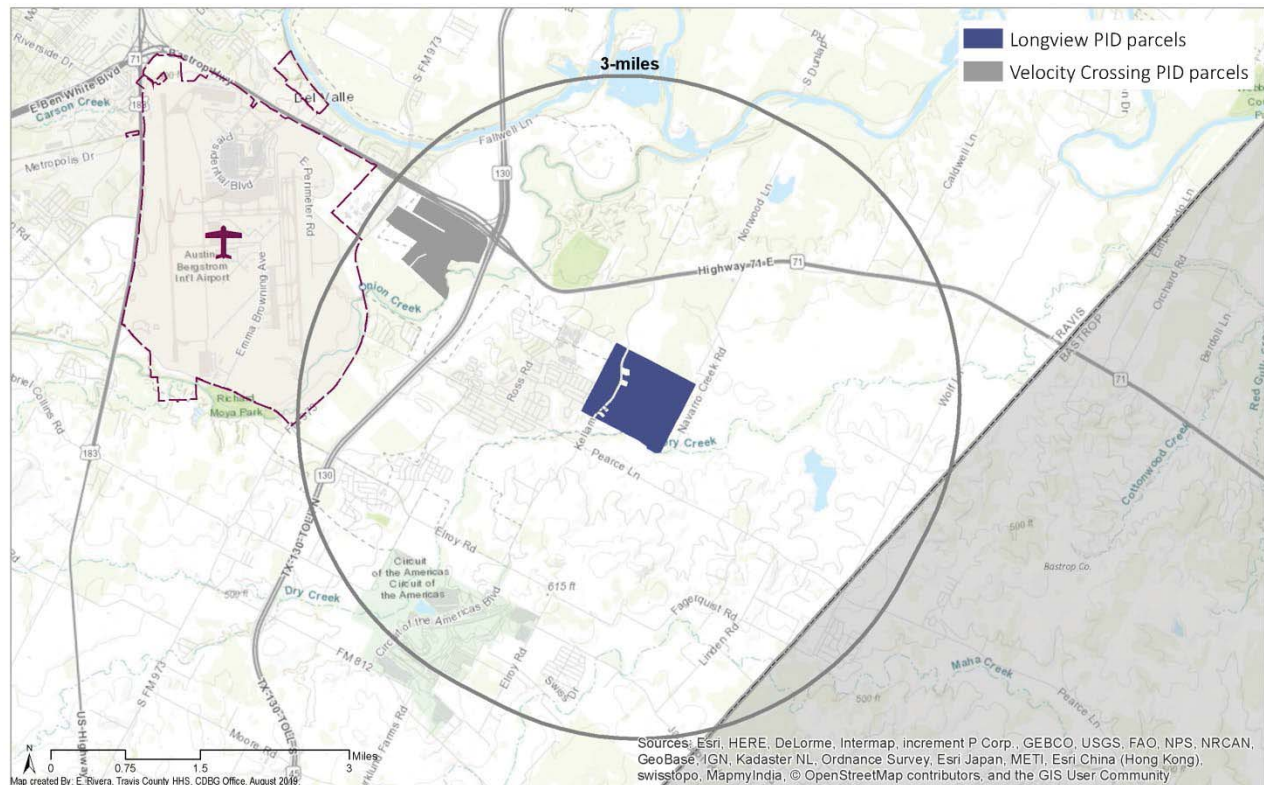


Table 1. Summary of Analysis, Housing

Area of Analysis	Summary
Housing: Owner Housing³	<p>Occupancy: Housing in Travis County as a whole is fairly evenly split between renter and owner occupied housing; whereas, the majority (78.2 percent) of housing in the PID area is owner-occupied.</p> <p>Value: Compared to the county as a whole, the PID area has a lower concentration of housing units valued at \$500,000 or more (21.5 percent for the county versus 16.0 percent in the three-mile area around the PID). Just under half of the housing (48.3 percent) in the PID area is valued between \$100,000-\$199,999, and an additional 22.4 percent at \$99,999 or less. This puts 70.7% of the housing units in this area at \$199,999 or less. Slightly over thirteen percent of the housing in the PID area falls within the</p>

² Unless otherwise stated, the PID area is defined as the 3-mile radius around the property (from the approximate center of the property).

³ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Housing Profile Report. Esri forecasts for 2019 and 2024 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Area of Analysis	Summary
	<p>\$200,000 to \$499,999 range.</p> <p>Projections for the PID area for 2024 show a decrease in the percentage of units at or below \$199,999 and a corresponding increase in higher priced units, with the majority of the growth in units priced at or above \$500,000 (going from 16.0% to 30.5%) and a majority of the decline in the units priced at or below \$99,999 (from 22.4% to 13.0%).</p>
Housing: Renter Housing⁴	<p>Occupancy: Housing in Travis County, as a whole, is fairly evenly split between renter and owner occupied housing; whereas, only 16 percent of existing housing is renter-occupied; a proportion that is projected to decrease slightly to approximately 14 percent by 2024, even though the actual number of rental units is expected to grow slightly. In comparison, 44.1% of units in the County are renter-occupied and that is not expected to change by 2024.</p> <p>There are no multi-unit structures in the PID area, compared to 38.9 percent in the County. Note that there are multiple multifamily parcels in Velocity Crossing that are not being captured in the projections. As a result, these projections are not an accurate representation of the influx of rental housing in the area. The inclusion of these rental units will add some variety to the housing stock.</p>
Housing: Structure Type⁵	<p>The majority of existing housing in the PID area is single unit detached structures, 75.9 percent of all structures. The area has a significantly higher percentage of mobile homes (21.5 percent) than the county as a whole (3.3 percent.) These estimates do not take into account the multifamily housing proposed at the Velocity Crossing PID.</p>

Table 2. Summary of Analysis, Opportunity

Area of Analysis	Summary
Opportunity: Demographics	<p>Race/Ethnicity:⁶ Compared to Travis County as a whole, the population in the PID area has a higher percentage of residents who identify as Black or African American (10.6 percent versus 8.4 percent) or “Some Other Race” (23.3 percent versus 12.4 percent.) Conversely, a lower percentage of residents identify as Asian in the PID area, compared to the county as whole (2.7 percent versus 7 percent.) The percentage of residents in the</p>

⁴ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Housing Summary and Housing Profile reports. Esri forecasts for 2019 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

⁵ Ibid

⁶ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Demographic and Income Profile report. Esri forecasts for 2019 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Area of Analysis	Summary
	<p>PID area identifying as Hispanic (of any race) is significantly higher in the PID area than for Travis County as a whole (70.6 percent versus 34.1 percent.)</p> <p>Educational Attainment:⁷ A lower percentage of residents of the PID 3 mile area have a Bachelor’s Degree (10.4 percent) or Graduate Degree (3.7 percent) compared to the county as a whole (31.1 percent and 18 percent). A higher percentage of PID area residents have obtained a high school diploma or its equivalent than Travis County overall (29.5 percent versus 16.9 percent). It is notable that Austin Community College is planning to open a campus and technical training center just south of the Velocity Crossing PID in close proximity to Longview PID. It is likely that over the next ten years, as the campus is completed and begins to graduate classes of students, that the percentages of residents with higher education will increase somewhat.</p> <p>Language Spoken at Home:⁸ Approximately 54% of residents in Census Tract 24.33, Block Group 2⁹ speak English only and 46% speak Spanish, compared to 68% and 24%, respectively, in the County. There are fewer residents in the PID area that speak Asian or Pacific Island languages (1.2 percent) or other Indo European languages (0.0 percent) compared to the county as a whole (3.8 percent and 3.0 percent, respectively).</p> <p>Income:¹⁰ The distribution of household income in brackets earning less than \$200,000 is relatively comparable between the PID area and the county as a whole. The PID area has fewer households earning \$200,000 or more (4.5 percent) compared to the county as a whole (9.9 percent.) According to projections, from 2019 to 2024, the percentage of households in the lowest income brackets (below \$75,000) will decrease in the PID area, while the percentage of households in the income brackets of \$75,000 or more all show positive growth. These projections suggest potential gentrification in the three-mile area surrounding the PID.</p>
Opportunity: Opportunity Map	<p>The PID location is in a “Very Low to Low” opportunity area based on the 2012 Kirwan Institute Opportunity Map. It is important to note the map is based on data from 2012, and the PID area was not densely populated at the time of the map’s creation; therefore, data points used to calculate the Opportunity score may have a high margin of error. Key data points related</p>

⁷ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Community Profile report. Esri forecasts for 2019 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

⁸ Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table S1601

⁹ The language data reviewed is at the block group level, since this data is not available at the 3-mile PID area level.

¹⁰ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Demographic and Income Profile report. Esri forecasts for 2019 and as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data

Area of Analysis	Summary
	to Opportunity scoring were reviewed to ensure the subgroup had a realistic picture of the area and allow for a more informed decision.
Opportunity: Educational Opportunity	<p>The Educational Opportunity for the area is “Very Low” based on the 2012 Kirwan Institute Opportunity Map data. Future housing within the Longview 71 PID would be located in the Del Valle Independent School District. All of the schools listed below met Texas Education Agency standards for the 2017-2018 school year. Del Valle High School also achieved areas of distinction in science, social studies, and postsecondary readiness. In August 2018, Del Valle ISD opened the Del Valle High School Career and Technical Education (CTE) innovation space. The two-story facility has 60,000+ square feet of classroom and maker spaces to enhance current programming for students. Some of the space includes a mock courtroom and a health science-simulation laboratory. The CTE program at Del Valle currently offers students 23 various industry-recognized certifications in health science, graphic design, visual communications, automotive services, information technology, and more. The mission of the CTE program is to provide Del Valle High students with relevant industry credentials while also providing college credit and experiences.</p> <p>It is notable that Austin Community College is planning to open a campus and technical training center just south of the Velocity Crossing PID in close proximity to Longview PID. It is likely that over the next ten years, as the campus is completed and begins to graduate classes of students, that the percentages of residents with higher education will increase somewhat.</p> <p>The Longview 71 project is expected to provide significant financial benefits to the Del Valle ISD. At build-out, the project is estimated to generate recurring ad valorem revenues to Del Valle ISD in excess of approximately \$5.5 million per year.</p>
Opportunity: Transportation & Job Accessibility	<p>Longview 71 is located proximal to SH-71 and SH-130 (Toll Road). Commuting patterns suggest that the majority of area residents rely on SH-71 as their primary route to work, resulting in increased congestion during peak hours. Improvements to SH183, expansion of the lanes on SH-130 and other area surface streets may improve commute times marginally. It is notable, however, that most residents would be required to pay a toll to get to and from their place of work. This should be considered in assessing the affordability of living in the area.</p> <p>Velocity Crossing is located within the 3-mile PID area and is primarily a commercial PID; therefore, job proximity of future residents and residents in the surrounding area may be improved by PID development.</p> <p>Sun Chase, a master planned community immediately east of Longview 71 PID, is also slated to have 87 acres of retail space, but the status of the build-out of the retail is unknown and likely based on the delivery of</p>

Area of Analysis	Summary
	<p>rooftops in Sun Chase and surrounding developments.</p> <p>Zoho, an international software company based out of Pleasanton, California, has purchased a parcel of land on the north end of the Longview 71 PID that extends to SH-71. They have announced plans to build Zoho headquarters on the site, which will employ more than 100 at opening and 500 at buildout. The project is currently going through entitlements and expects to open in 2021 according to the Austin American Statesman. While the company declined to divulge salary ranges for the employees, it is very likely that the median salary will increase the median household income in the immediate area.</p> <p>There are also planned developments at the intersection of Hwy 71 and SH 130 that will add mixed-use retail jobs to the area, including the 15.5-acre Del Valle Retail development and the 22.2-acre Ross Retail Center. It is unlikely that the jobs created by these developments will increase the median household income as retail industry jobs are traditionally low-wage. However, it is important to consider that the “internal containment”—the number of residents who work in their home Transportation Analysis Zone (TAZ)—is currently extremely low in Central Texas. It is likely that the majority of residents in the surrounding area will continue to be employed outside of the PID area in the immediate future.</p> <p>Relative commute times for the area are average; however, most residents must pay a toll to get to and from work. There are few employment options currently in the area: the Velocity Crossing PID is primarily commercial and will add some employment opportunities to the area. There are also ongoing improvements being made to the Austin-Bergstrom International Airport, the expansion of which may add employment opportunities. Based on current conditions, however, the job access score for the area is low, but is expected to improve based on the employment opportunities created.</p>
Opportunity: Area Amenities	<p>According to the 2012 Kirwan Institute Opportunity Map data, the housing and environmental score is “Moderate”. Residents of the area benefit from proximity to Southeast Metro Park, Richard Moya Park, and the planned Onion Creek Greenway improvements. Residents also benefit from proximity to Circuit of the Americas and the NLand Surf Park. The Velocity Crossing PID will provide an additional 22 acres of parkland along the Onion Creek Greenway and the Longview 71 PID will include:</p> <ul style="list-style-type: none"> • A total of +/-165 acres of parkland, trails and open space, which represents more than 38% of the PID’s total acreage • An internal 3.5 mile trail system that also connects to the Dry Creek Trail external regional trail

Area of Analysis	Summary
	<ul style="list-style-type: none"> • A 3.7 acre Central Park • 4 Pocket Parks totaling 3 acres • A 3.5 acre community benefit site (land use to be determined) <p>The developer has intentionally designed the PID so that no home site is more than a five-minute walk from a park or green space. The Velocity Crossing PID includes an HEB grocery store with a pharmacy, significant medical office space, and a movie theater and other entertainment amenities. These additions to the area will greatly improve access to amenities for residents of Longview 71 PID.</p>
Opportunity: <i>Environmental Scan</i>	The environmental scan will be completed if affordable housing goals, beyond what the PID provides, will be required.

Table 3. Summary of Analysis, Fair Housing

Area of Analysis	Summary
Fair Housing: <i>Racial, Ethnic and Income Concentration</i>	<p>The site is not located in an R/ECAP¹¹ or ECAP, but it is located in an impacted block group. The block group (census tract 24.33, block group 2) is impacted due to the high concentration of three racial/ethnic groups compared to the County: Hispanic, Some Other Race, and African American. Note that this race and ethnicity data used for the R/ECAP and impacted group mapping and analysis is slightly different than the race and ethnicity data discussed in the paragraph above.</p> <p>The R/ECAP and impacted area mapping and analysis is based on block group level data instead of the 3-mile radius around the PID and is based on U.S. Census 2013-2017 ACS data. The race/ethnicity data in the paragraph above is 2019 estimates and is not actual census data.</p> <p>While some opportunity factors scored low, planned growth and development in the area will likely increase opportunity scores over time.</p> <p>From a demographic perspective, any housing created would need to be affirmatively marketed to populations that would not normally move into the area; essentially most populations except for Hispanic households.</p>
Fair Housing: <i>Appropriateness of Affordable Housing Creation</i>	<p>Based on the data reviewed, there is a shortage of rental housing in this area with only 16% renter-occupied units compared to 44% for the county. While the Longview 71 PID will focus on single family homes, the Velocity Crossing PID will provide needed rental housing units to the area.</p> <p>The Travis County CDBG program just published its PY19-23 Consolidated</p>

¹¹ Based on U.S. Census 2013-2017 ACS data.

Area of Analysis	Summary
	<p>Plan. Part of that plan focuses on a housing market analysis which indicates that the quantity of starter homes needs to increase in order for market rate renters to move into homeownership. Without any subsidy, the Longview PID provides ownership opportunities for some single, but primarily dual earner households at 80-140% MFI to move into homeownership.</p> <p>Based on the current very low opportunity score, single-family composition of the PID, and lack of public transit options, it is our recommendation that the developer pay the 10% Community Benefit Fee as outlined in the Travis County PID policy.</p>

D. Recommendations

1. Based on the data in this report, there is a shortage of rental housing in the area, and ownership percentages are higher than county averages. Affordable multifamily housing is planned to be included in the nearby Velocity Crossing PID, which will help mitigate this shortage and diversify the housing stock.
2. Based on the current very low opportunity score, single-family composition of the PID, and lack of public transit options, it is our recommendation that the developer pay the 10% Community Benefit Fee as outlined in the Travis County PID policy.
3. Based on the proposed single-family home sizes, quality and price point, it is recommended that the developer and their home builders work closely with the Travis County Housing Finance Corporation to provide down payment assistance for qualified home buyers through the Hill Country Home Down Payment Assistance program to maximize the number of moderate income households that are able to enter the real estate market by purchasing a home in Longview 71 PID.

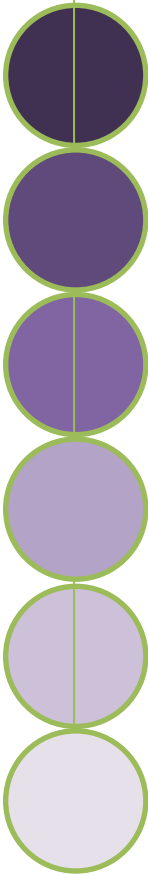
The Longview 71 PID proposes the addition of single-family detached homes at a very reasonable price point. Market trends in the area suggest that this housing style will be more in-demand and marketable, and the development style of alley loading lots (502 of the 1,500 lots) to minimize traffic to encourage pedestrian engagement is superior to models of surrounding developments.

4. Design standards need to support the development of affordable ownership housing through flexible square footage options and construction materials.
5. Affirmative marketing plans for owner occupied housing need to be created, reviewed, and updated annually. Data about potential applicants and homeowners must be provided annually for review of the success/possible adjustment of affirmative marketing plan goals.
6. The programming of the Community Benefit Building designated within this proposed project be based upon unmet community needs existing in the PID area. At this time the developer is meeting with local residents, neighborhood groups, non-profits that provide health care services, fresh food options, children's programs, fitness classes and more in a comprehensive effort to determine the programming and design of the building to best serve the community and surrounding area. The developer is also actively looking for a partner to construct and possible operate the structure: we would recommend a mission driven partner if possible.
7. The developer should continue to work with Del Valle ISD on programming for the greenspace in the PID to ensure it can best support the school and curriculum, thus assisting to improve the educational quality in the area.

ADDITIONAL NOTES

- A review of opportunity status in the area will be evaluated and updated at each bond issuance, focused particularly on school performance, transit access, and job accessibility.
- The final PID assessment percentage/amount is capped so that its impact on affordability is currently known and part of the affordability analysis. If the assessment or cap changes for any reason, it must be reviewed to determine its impact on housing affordability.

Detailed Analysis



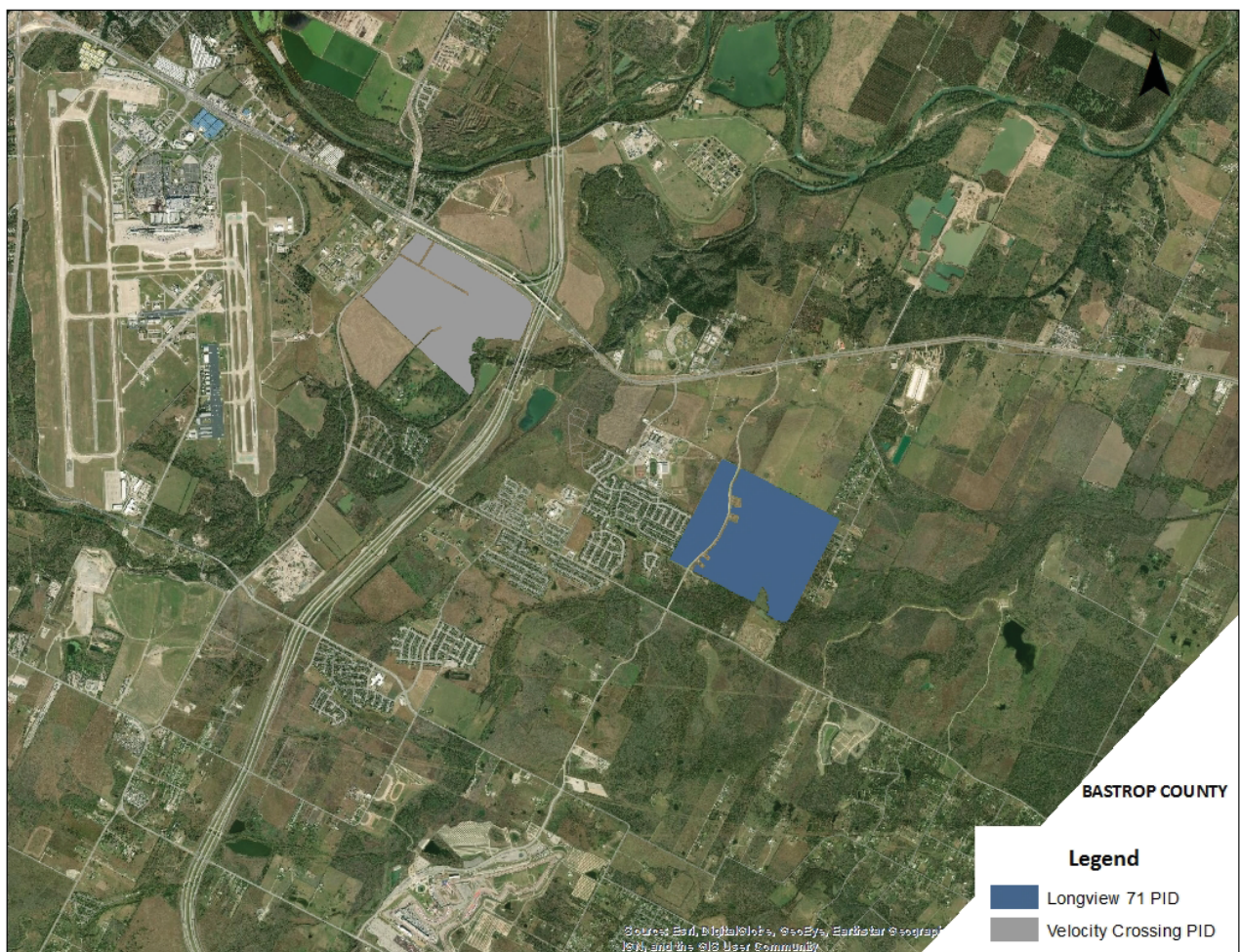
II. Detailed Analysis

A. Overview

A PID is a development that, because of its character, magnitude, or location, addresses regional issues impacting the environment, roadways, stormwater, and emergency services with substantial effects upon the public's health, safety and welfare. The PID review is intended to examine the impacts of the development that will be felt regionally, such as, but not limited to, enhancement of transportation facilities, water and wastewater infrastructure, affordable housing, parks and open space, and address environmental impacts and provision of public facilities. All of these factors influence opportunity in an area and are, therefore, an appropriate part of a review designed to Affirmatively Further Fair Housing.

GEOGRAPHIC LOCATION

Map 2. Project Location



The proposed Longview 71 project is located east of SH-130 and south of Highway 71. The project is bounded by vacant land to the north followed by SH-71, ADVMX park and the western edge of the Sun Chase neighborhood to the south, Sun Chase neighborhood to the east, and the Lexington Park neighborhood to the west. Kellam Road traverses the PID from north to south connecting it to SH-71 to the north and Pearce Lane to the south.

Map 3. Surrounding Land Use



SURROUNDING LAND USE

The land surrounding the proposed PID can be described as follows:

- **North:** Vacant land, SH-71. Please note that a significant portion of this vacant land is sold and in the entitlement process to become a corporate headquarters for Zoho, a software company. Therefore, by roughly 2022, the northern PID boundary will be mostly commercial.
- **East:** Vacant land planned for development by Sun Chase neighborhood
- **South:** ADVMX Park and the western edge of Sun Chase neighborhood, followed by Circuit of the Americas south of Pearce Road
- **West:** Residential development, Onion Creek, Velocity Crossing PID, ACC Health Science Academy, Del Valle High School, Richard Moya Park, Southeast Metropolitan Park, Austin-Bergstrom International Airport

The Longview 71 PID is just over a mile to the east of the Velocity Crossing PID and the ACC Health Science Academy, which opened on February 8, 2018 and includes Workforce Programs

in diagnostic support, direct patient care, rehabilitative services, and administration. The Velocity Crossing PID includes land purchased by HEB and reserved for a new grocery store.

PROPOSED DEVELOPMENT

Per the PID petition, the proposed Longview 71 PID is a 431± acre residential development including 1,533 single family detached residential units, 165± acres of open space, trails, internal multimodal paths, and a community benefit site. The development plan indicates portions of the development will be located along both sides of Kellam Road, with most of the lots located east of Kellam Road.

B. Demographic Analysis

This section describes the current demographics of the area. The site of the proposed project is currently an undeveloped greenfield. In order to assess the demographics and existing housing in the area, data was pulled for an area within a three-mile radius of the proposed project. Throughout this section this will be referred to as the PID area. Data sources include the 2010 Census, American Community Survey (ACS) data, 2013-2017 ACS 5-Year Estimates, and ESRI demographic data. This section informs all components of the PID review.

DEMOGRAPHICS: GENERAL

The area surrounding the PID has experienced substantial population and household growth between 2010 and 2019, a trend that is anticipated to continue. Additionally, the average size of households is also increasing slightly.

Table 4. Population and Household Size, Three - Mile Radius¹²

	2010	2019	2024 (Projected)
Total Population	9,132	12,506	15,380
Number of Households	2,461	3,297	4,037
Average Household Size	3.71	3.79	3.81

DEMOGRAPHICS: RACE AND ETHNICITY

Compared to Travis County as a whole, the population in the PID area has a higher percentage of residents who identify as Black or African American (10.6 percent versus 8.4 percent), or “Some Other Race” (23.3 percent versus 12.4 percent). Conversely, a lower percentage of residents identify as Asian in the PID area, compared to the county as whole (2.7 percent versus 7 percent). The percentage of residents in the PID area identifying as Hispanic (of any race) is higher in the PID area than for Travis County as a whole (70.6 percent versus 34.1 percent).

Table 5. 2019 Race, Percentage by Category¹³

	Three -Mile Radius	Travis County
White	58.3%	67.6%
Black or African American	10.6%	8.4%
American Indian and Alaska Native	1.1%	0.7%
Asian	2.7%	7.0%
Native Hawaiian and Other Pacific Islander	0.0%	0.1%
Some Other Race	23.3%	12.4%
Two or More Races	4.1%	3.7%

¹² Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Demographic and Income Profile report. Esri forecasts for 2019 and 2024: Esri Demographic and Income Profile report

¹³ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Demographic and Income Profile report. Esri forecasts for 2019 and 2024 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Table 6. 2019 Ethnicity, Percentage by Category¹⁴

Ethnicity	Three-Mile Radius	Travis County
Hispanic	70.6%	34.1%
Non-Hispanic	29.4%	65.9%

IMPACTED BLOCK GROUP RCAP/ECAP

Jurisdictions receiving federal money for housing and community development programs complete an analysis evaluating the racial/ethnic make-up and percentage of low to moderate income in a given block group. In Travis County, a block group is considered to have a concentration if any category of race or ethnicity is 10 percent or more above the county average. A block group is considered impacted if it has both a race or ethnic concentration and also a high percentage of low to moderate income levels¹⁵.

Per HUD's definition, racially/ethnically-concentrated areas of poverty (R/ECAPs) are census tracts with a non-white population of 50% or more and with extreme poverty, meaning 40% or more of individuals are living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower. On the map below, the ECAPs, or 'edge' R/ECAPs, are census tracts which are just under the qualifying 40% poverty threshold.

As shown on the map below, the PID area is not within an R/ECAP, but it is within an impacted block group that has a concentration of residents that identify as Hispanic, African American, or "Some Other Race."

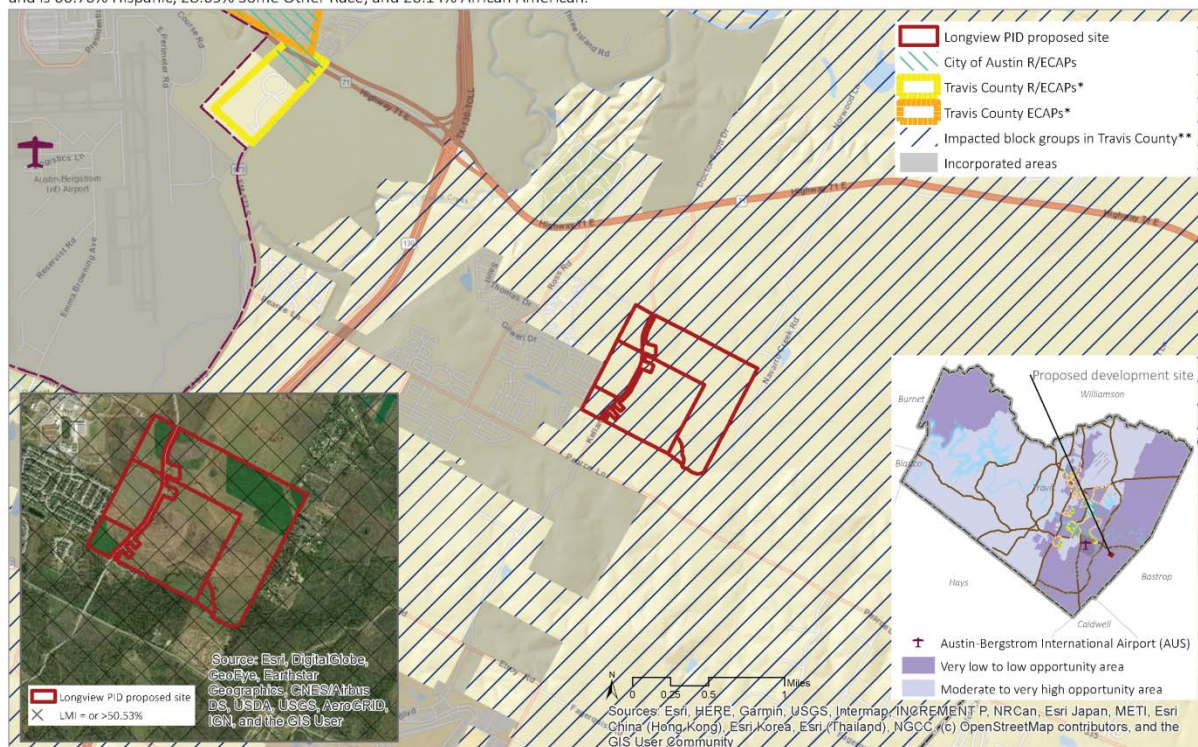
¹⁴ Ibid

¹⁵ In this context low to moderate income levels are based on the 2014 Exception Percentage for the Travis County CDBG Program (e.g., where at least 50.53% of persons are considered LMI).

Map 4. Impacted Area/Block Group & Opportunity Area Map

Proposed development site: Longview PID

The proposed development site is located in Del Valle in southeast Travis County, near the intersection of Kellam Rd and Pearce Ln. in the unincorporated area. The site is not in a Travis County R/ECAP or ECAP; however, it is located in a Very Low to Low Opportunity Area and in an impacted block group, due to the concentration of three race/ethnic groups (compared to the county), as follows: The property is located in Census Tract 24.33, Block Group 2, which has an LMI of 51.07% based on 2019 data, and is 66.70% Hispanic, 28.69% Some Other Race, and 20.14% African American.



*Per HUD's definition, racially/ethnically-concentrated areas of poverty (R/ECAPs) are census tracts with a non-white population of 50% or more and with extreme poverty, meaning 40% or more of individuals are living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower. On this map, the ECAPs, or 'edge' R/ECAPs, are census tracts which are just under the qualifying 40% poverty threshold.

**Impacted areas are low-to-moderate income areas with racial/ethnic concentrations 10% or above the Travis County average. Based on FY18 LMISD (effective 4/1/19) and 2013-17 Race and Ethnicity data.

Map created By: E. Rivera, Travis County HHS, CDBG Office, August 2019. DATA SOURCES: Opportunity Areas data: Regional Composite Opportunity Index data from Kirwan Institute for the Study of Race & Ethnicity, Ohio State University, 2012. Impacted area data: Most recent 2019 LMISD: U.S. Census Bureau, 2010 SF-1 and Low/Moderate Income Summary Data (LMISD), effective 4/1/19, provided by U.S. HUD (based on the 2011-2015 American Community Survey data) and 2013-17 Race & Ethnicity Data (ACS B02001 & B03003). Travis County R/ECAPs and ECAPs data provided by Root Policy Research (June 2019).

SOCIAL CHARACTERISTICS

Educational Attainment: A lower percentage of residents of the PID 3-mile area have a Bachelor's Degree (10.4 percent) or Graduate Degree (3.7 percent) compared to the county as a whole (31.1 percent and 18.0 percent). A higher percentage of PID area residents have obtained a high school diploma or its equivalent than Travis County overall (29.5 percent versus 16.9 percent).

Table 7. 2019 Educational Attainment¹⁶

Educational Attainment	3-Mile Radius	Travis County
Less than 9 th Grade	15.5%	5.4%
9 th to 12 th grade, no degree	11.1%	4.8%
High School Graduation	25.6%	14.3%

¹⁶ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Community Profile report. Esri forecasts for 2019 and 2024 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Educational Attainment	3-Mile Radius	Travis County
Some College, no degree	22.8%	17.9%
Associate's Degree	5.9%	5.5%
Bachelor's Degree	10.5%	29.6%
Graduate or Professional Degree	4.0%	16.8%

It is notable that Austin Community College is planning to open a campus and technical training center just south of the Velocity Crossing PID in close proximity to Longview PID. It is likely that over the next ten years, as the campus is completed and begins to graduate classes of students, that the percentages of residents with higher education will increase somewhat.

Language Spoken at Home: The language data reviewed is at the block group level, since this data is not available at the 3-mile PID area level. Approximately 54% of residents in Census Tract 24.33, Block Group 2 speak English only and 46% speak Spanish, compared to 68% and 24%, respectively, in the County. There are fewer residents in the PID area that speak Asian or Pacific Island languages (1.2 percent) or other Indo European languages (0.0 percent) compared to the county as a whole (3.8 percent and 3.0 percent, respectively).

Table 8. Language Spoken at Home¹⁷

Language spoken at home	Census Tract 24.33¹⁸	Travis County
English Only	48.6%	68.4%
Spanish	49.1%	23.9%
Asian or Pacific Islander	2.0%	3.8%
Other Indo European	0.3%	3.0%
Other	0.0%	0.9%

INCOME CHARACTERISTICS

The distribution of household income in brackets earning less than \$200,000 is relatively comparable between the PID area and the county as a whole. The PID area has fewer households earning \$200,000 or more (4.5 percent) compared to the county as a whole (9.9 percent.) According to projections, from 2019 to 2024, the percentage of households in the lowest income brackets (less than \$75,000) will decrease in the PID area, while the percentage of households in the income brackets of \$75,000 or more all show positive growth. These projections suggest potential transition in the three-mile radius surrounding the PID.

Table 9. Households by Income¹⁹

Income Brackets	3-Mile Radius		Travis County
	2019	2024 (projected)	2019
<\$15,000	6.5%	5.5%	9.0%

¹⁷ Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table S1601

¹⁸ This data was not available at the 3-mile radius level and was instead reported at the census tract level.

¹⁹ Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table S1901.

Income Brackets	3-Mile Radius		Travis County
	2019	2024 (projected)	2019
\$15,000 - \$24,999	7.5%	6.2%	7.4%
\$25,000 - \$34,999	6.6%	5.4%	8.0%
\$35,000 - \$49,999	16.0%	13.4%	12.3%
\$50,000 - \$74,999	24.5%	22.8%	17.8%
\$75,000 - \$99,999	14.3%	15.6%	12.5%
\$100,000 - \$149,999	14.4%	17.5%	16.0%
\$150,000 - \$199,999	5.5%	7.7%	7.2%
\$200,000+	4.5%	6.0%	9.9%
Median Household Income	\$60,734	\$70,064	\$68,350

Zoho, an international software company based out of Pleasanton, California, has purchased a parcel of land on the north end of the Longview 71 PID that extends to SH-71. They have announced plans to build Zoho headquarters on the site, which will employ more than 100 at opening and 500 employees at buildout. The project is currently going through entitlements and expects to open in 2021 according to the Austin American Statesman. While the company declined to divulge salary ranges for the employees, it is very likely that the median salary will increase the median household income in the immediate area.

LOW/MODERATE INCOME PERCENTAGE

The Low to Moderate Income percentage for the block group in which the project area is located is 51.07 percent, which is considered a low-to-moderate income block group.

CONCLUSION

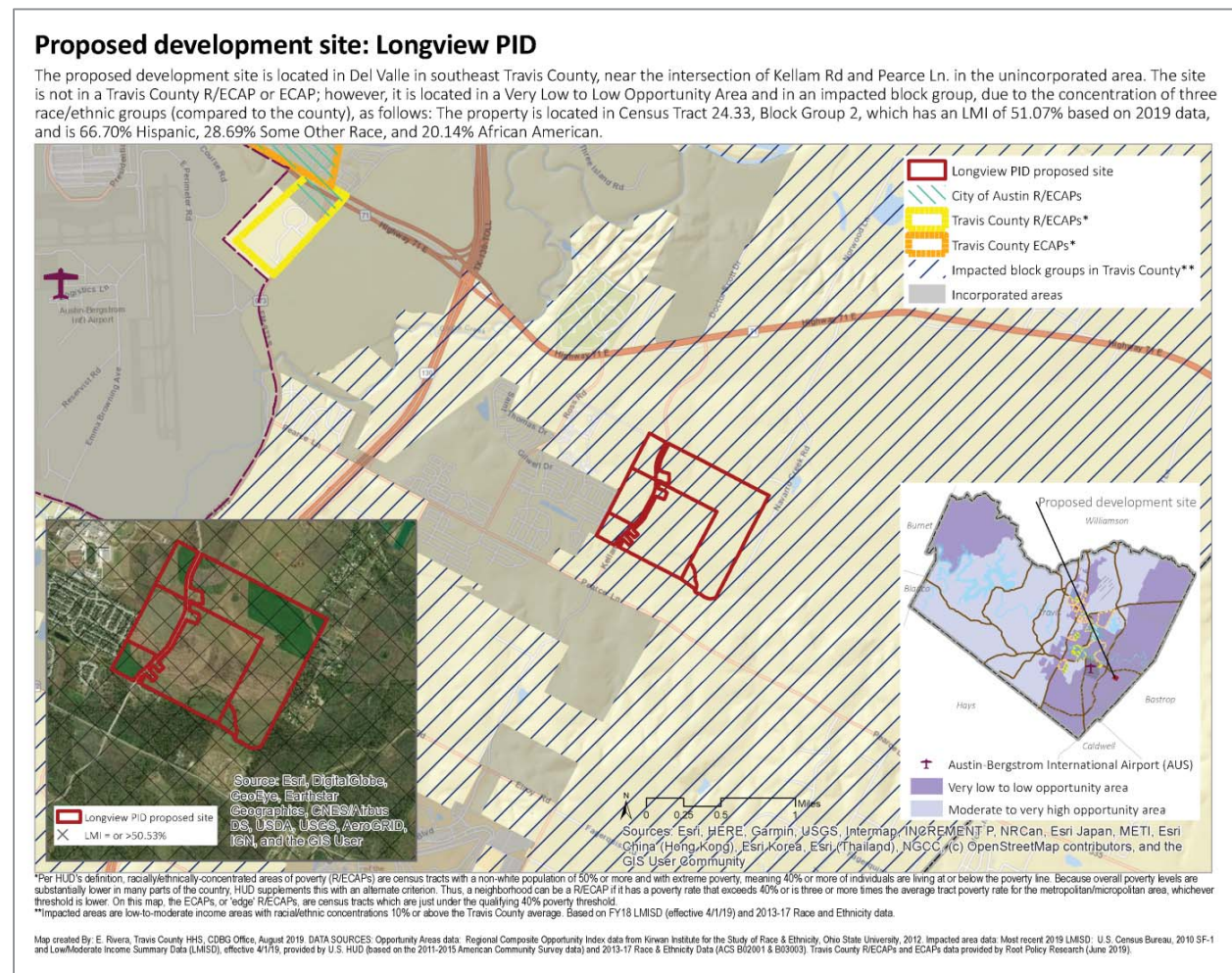
The existing demographics and changes to the income distribution indicate potential gentrification in this area. There are projects underway proximate to the proposed PID that address the need for future multifamily affordability. Multifamily housing is proposed for Phase 3 of the Velocity Crossing PID and the Longview 71 PID proposes the development of 1,533 single family detached residential units with an initial average home price starting from approximately \$225,000. The Longview 71 PID proposes the addition of single-family detached homes at a very reasonable price point. Market trends in the area suggest that this housing style will be more in-demand and marketable, and the development style of some alley loading lots (512 of the 1,533 units) to minimize traffic to encourage pedestrian engagement is superior to models of surrounding developments.

C. Neighborhood Quality

OPPORTUNITY SCORE

According to the Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University, who developed the “Communities of Opportunity” model, opportunity areas are based on a fair housing and community development framework that assigns each neighborhood a score reflecting the degree to which its residents have access to determinants of positive life outcomes, such as good schools, jobs, stable housing, transit and the absence of crime and health hazards. Based on this analysis, block groups are designated as very-low, low, moderate, or high opportunity areas.

Map 5. Impacted Area/Block Group & Opportunity Area Map



As demonstrated on the map above, the Longview 71 PID is located in an area of “Very Low to Low Opportunity”.

SCHOOL QUALITY

School quality is a critical element in determining local opportunity, in particular for families with children. Future housing within the Longview 71 PID would be located in the Del Valle Independent School District. All of the schools listed below met Texas Education Agency standards for the 2017-2018 school year. Del Valle High School also achieved areas of distinction in science, social studies, and postsecondary readiness.

In August 2018, Del Valle ISD opened the Del Valle High School Career and Technical Education (CTE) innovation space. The two-story facility has 60,000+ square feet of classroom and maker spaces to enhance current programming for students. Some of the space includes a mock courtroom and a health science-simulation laboratory. The CTE program at Del Valle currently offers students 23 various industry-recognized certifications in health science, graphic design, visual communications, automotive services, information technology, and more. The mission of the CTE program is to provide Del Valle High students with relevant industry credentials while also providing college credit and experiences.

The Longview 71 project is expected to provide significant financial benefits to the Del Valle ISD. At build-out, the project is estimated to generate recurring ad valorem revenues to Del Valle ISD in excess of approximately \$5.5 million per year.

The following schools would serve the area.

Table 10. Area Schools Evaluation²⁰

School	District	School Report Card²¹	Areas of Distinction	Children at Risk Rating²²
Del Valle Elementary School	Del Valle ISD	Met Standard, 71 out of 100	None	D-
Del Valle Middle School	Del Valle ISD	Met Standard, 71 out of 100	None	D
Del Valle High School	Del Valle ISD	Met Standard, 76 out of 100	Science, Social Studies, Postsecondary Readiness	D+

Note that the 2018-19 school report cards are not yet available; however, the accountability ratings have been released. Del Valle ISD improved its overall rating from 69 (D) to 78 (C). Del Valle Middle School and Del Valle High School both increased their ratings, from 71 to 74 and 76 to 81, respectively. Whereas, the rating for Del Valle Elementary School decreased from 71 (C) to 64 (D).

²⁰ Source: Texas Education Agency School Report Cards, Children at Risk

²¹ Texas Education Agency develops School Report Cards by combining accountability ratings, data from the Texas Academic Performance Reports, and financial information on campus performance.

²² Children at Risk is a non-partisan, non-profit research organization. Their ratings are from 2018 and are produced by composite indices related to student achievement, campus performance, year-to-year improvements, and college readiness (high schools only).

TRANSPORTATION AND JOB ACCESSIBILITY

Transportation Network: The Longview 71 PID has access to Toll Road SH-130 to the east as well as SH-71 to the north. Planned public amenities within the PID include a Mass Transit Bus Stop and Ride Share Site.

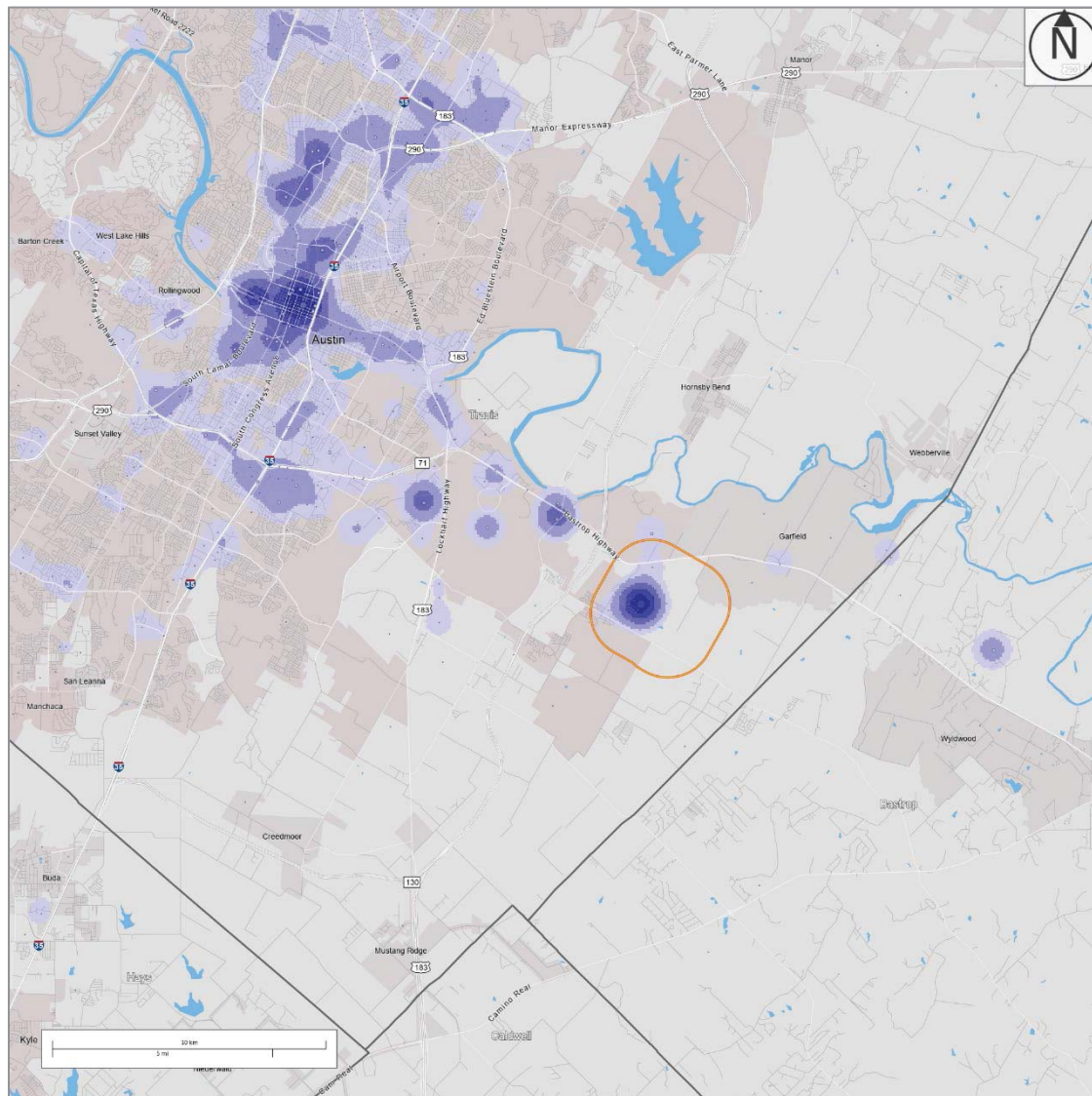
In October of 2018, construction began to add lanes and capacity to SH 130 from State Highway 45 North down to State Highway 290. The \$36.7 million project should take two years to complete. Additionally, linkage to State Highway 183 via State Highway 71 is just west of Austin Bergstrom International Airport. State Highway 183 is currently undergoing improvements which should improve linkages to State Highway 290 to the north as well as east Austin. The \$743 million project began in 2016 and will complete in 2020. Currently a four lane divided highway, the Central Texas Regional Mobility Authority project will convert this stretch to expressway with tolled and non-tolled lanes plus \$25 million in bicycle and pedestrian improvements.

The nearest transit option currently available to the area is the MetroBus Local route 271 which provides service to Del Valle High School and is connected to the wider Capital Metro transit network. The Developer of Longview 71 is presently in discussions with CARTS and other ride/car share options to provide alternative transportation options for the residents of both the project and adjacent areas.

Current Business Activity: Currently, there are no identified businesses within the PID boundaries; however, within the 3-mile buffer zone of the PID centroid, there are 105 businesses with 1,062 employees. With 12,506 residents in the same area, the employee/residential population ratio is .08:1. The majority of employees working in this area work in the services sector (57%), and within this sector the majority (47%) work in education/library institutions. However, the business distribution is slightly different with 29% in the services sector (the majority of which is in an 'other services' designation) and 22% in the retail trade sector.





Job Accessibility: For a more refined analysis, job accessibility was evaluated using the US Census Bureau's Longitudinal Employer Household Dynamics (LEHD) data. As the map below indicates, a significant number of area residents work in downtown Austin or at the University of Texas. Additional employment centers are Austin-Bergstrom International Airport, which is undergoing a second expansion currently, Del Valle Middle and High School Campus which includes administrative and other offices, and retail/commercial along SH-71. Smaller employment centers are located across the Bastrop County line.

Map 6. Potential Employment Centers



As shown in the figure below, approximately 50 percent of residents within the one-mile area travel between 10 and 24 miles to get to work. According to data provided by ESRI's StoryMap service, the block group in which the Longview 71 PID is located has an average commute time of 32 minutes (based on the most recent census data responses; this is likely an underestimate due to regional traffic congestion growth). This is consistent with travel patterns in much of the region.

Table 11. Jobs by Distance - Home Census Block to Work Census Block

<u>Jobs by Distance - Home Census Block to Work Census Block</u>		2015	
		Count	Share
	Total All Jobs	2,140	100.0%
	Less than 10 miles	562	26.3%
	10 to 24 miles	1,076	50.3%
	25 to 50 miles	99	4.6%
	Greater than 50 miles	403	18.8%

Longview 71 is located proximal to SH-71 and SH-130 (Toll Road). Commuting patterns suggest that the majority of area residents rely on SH-71 as their primary route to work, resulting in increased congestion during peak hours. Improvements to SH 183, expansion of the lanes on SH-130 and other area surface streets may improve commute times marginally. It is notable, however, that most residents would be required to pay a toll to get to and from their place of work. This should be considered in assessing the affordability of living in the area.

Future Employment Opportunities: Velocity Crossing is primarily a commercial PID; therefore, job proximity of future residents and residents in the surrounding area may be improved by PID development. It is important to consider, however, the “internal containment” – the number of residents who work in their home Transportation Analysis Zone (TAZ) – is extremely low in Central Texas. It is likely that the majority of residents in the surrounding area will continue to be employed outside of the PID area.

Sun Chase, a master planned community immediately east of Longview 71 PID, is also slated to have 87 acres of retail space, but the status of the build out of the retail is unknown and likely based on the delivery of rooftops in Sun Chase and surrounding developments.

Moreover, Zoho, an international software company based out of Pleasanton, California, has purchased a parcel of land on the north end of the Longview 71 PID that extends to SH-71. They have announced plans to build Zoho headquarters on the site, which will employ more than 100 at opening and 500 at buildout. The project is currently going through entitlements and expects to open in 2021 according to the Austin American Statesman. While the company declined to divulge salary ranges for the employees, it is very likely that the median salary will increase the median household income in the immediate area.

There are also planned developments at the intersection of Hwy 71 and SH 130 that will add mixed-use retail jobs to the area, including the 15.5 acre Del Valle Retail development and the 22.2 acre Ross Retail Center. It is unlikely that the jobs created by these developments will increase the median household income as retail industry jobs are traditionally low-wage. It is important to consider, however, the “internal containment” – the number of residents who work in their home Transportation Analysis Zone (TAZ) – is currently extremely low in Central Texas. It is likely that the majority of residents in the surrounding area will continue to be employed outside of the PID area in the immediate future.

AREA AMENITIES

Residents of the area benefit from proximity to Southeast Metro Park, Richard Moya Park, and the planned Onion Creek Greenway improvements. The Velocity Crossing PID will provide an additional 22 acres of parkland along the Onion Creek Greenway and the Longview 71 PID will include:

- A total of +/- 165 acres of parkland, trails and open space, which represents more than 38% of the PID’s total acreage
- An internal 3.5 mile trail system that also connects to the Dry Creek Trail external regional trail
- A 3.7 acre central park
- 4 pocket parks totaling 3 acres
- A 3.5 acre community benefit site (*land use to be determined*)

The developer has intentionally designed the PID so that no home site is more than a five minute walk from a park or green space. The Velocity Crossing PID includes an HEB grocery store with a pharmacy, significant medical office space, and a movie theater and other entertainment amenities. These additions to the area will greatly improve access to amenities for residents.

CONCLUSION

Relative commute times for the area are average; however, most residents must pay a toll to get to and from work. There are few employment options currently in the area; however, the Velocity Crossing PID is primarily commercial and will add some employment opportunities to the area. Other large employers in the area include the Austin Bergstrom International Airport and the Del Valle Independent School District. Based on current conditions, however, the job access score for the area is low, but will improve based on the employment opportunities created. Additional key amenities such as a grocery store, pharmacy, and medical office space attracted to the area through the Velocity Crossing PID will significantly improve access to amenities for area residents.

D. Housing Market Analysis

Availability of safe, decent and affordable housing is a cornerstone for both opportunity and wholesale economic development. The Austin housing market experienced a sustained period of growth, with median home prices hitting historic highs in 2018, and then dropped off slightly over the course of the first six months of 2019.²³ Single-family home sales stayed strong in the Austin-Round Rock Metropolitan Statistical Area (MSA). The strength of the regional economy supports ongoing in-migration which has resulted in rapid population growth in the region. This population growth has resulted in increased demand for housing, driving up both local housing prices and rents. According to the Austin Board of Realtors, the limited housing inventory in Austin is likely what led to the drop in sales during the first half of 2019, which is shifting the population further into the suburbs. Housing inventory remains very low in the Austin-Round Rock Metropolitan Statistical Area (MSA), with only 2.7 months of inventory available in June 2019.²⁴

EXISTING HOUSING

Units by Value: Compared to the county as a whole, the PID area has a lower percentage of housing units valued at \$500,000 or more (21.5 percent for the county versus 16.0 percent for the PID area. Just under half of the housing (48.3 percent) in the PID three-mile area is valued between \$100,000-\$199,999, and an additional 22.4 percent at \$99,999 or less. This puts 70.7% of housing in this area at \$199,999 or less. Slightly over thirteen percent of the housing in the PID falls within the \$200,000-\$499,999 range.

Projections for 2024 for the PID area show a decrease in the percentage of units at or below \$199,999 and a corresponding increase in higher priced units, with a majority of the growth in units priced at or above \$500,000 (going from 16.0% to 30.5%) and a majority of the decline in the units priced at or below \$99,999 (from 22.4% to 13.0%). The following table shows the value of homes in the area, as of 2019 and projections for 2024.

Table 12. Housing Units by Value²⁵

Home Value	Proposed Project Area		Travis County	
	2019	2024(projected)	2019	2024 (projected)
<\$50,000	7.0%	4.3%	3.0%	1.8%
\$50,000-\$99,999	15.4%	8.7%	2.5%	1.6%
\$100,000-\$149,999	18.9%	14.4%	5.6%	4.0%

²³ "July 2018 Market Report," Austin Board of Realtors, <https://www.abor.com/statsjul18/> and "June 2019 Central Texas Housing Market Report, Austin Board of Realtors, <https://www.abor.com/statsjun19/>.

²⁴ Ibid.

²⁵ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Housing Profile report. Esri forecasts for 2019 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Home Value	Proposed Project Area		Travis County	
	2019	2024(projected)	2019	2024 (projected)
\$150,000-\$199,999	29.4%	27.3%	11.6%	9.6%
\$200,000--\$299,999	11.4%	11.0%	24.4%	23.7%
\$300,000-\$499,999	1.8%	3.9%	31.3%	36.1%
\$500,000-\$999,999	16.0%	30.5%	17.6%	18.7%
\$1,000,000+	0.0%	0.0%	3.9%	3.4%

The upward shift in both home values and development in the area (as well as the upward shift in income), especially in the \$500,000-\$999,999 range, may indicate transition. Growth patterns indicate that this trend may continue past 2024. Affordable multifamily housing proposed in Velocity Crossing as well as moderately-priced single family housing proposed within the Longview 71 will help absorb some of these affordability pressures.

Owner and Renter Household Analysis: The following table shows the current mix of renter and owner occupied housing in the area, based on 2019 data, as well as projections for 2024. These are compared to the mix of housing types in Travis County as a whole for reference. While housing in Travis County as a whole is fairly evenly split between renter and owner occupied housing, the majority (78.2 percent) of housing in the PID area is owner-occupied. Nearly 16 percent of existing housing is renter-occupied, a proportion that is projected to decrease slightly to approximately 14 percent by 2024. Note that there are multifamily parcels in Velocity Crossing that are not being captured in the projections. As a result, these projections are not an accurate representation of the influx of rental housing in the area. Moreover, the lower renter percentage in the area is likely directly influenced by lack of stock rather than lack of demand based on rental market conditions in the County as a whole.

Table 13. Owner and Renter Households²⁶

Type	Proposed Project Area		Travis County	
	2019	2024 (projected)	2019	2024 (projected)
Owner Occupied	78.2%	81.8%	49.2%	49.7%
Renter Occupied	15.7%	13.6%	44.1%	44.2%
Vacant	6.1%	4.6%	6.7%	6.1%

Structure Type: The majority of existing housing in the PID area is single unit detached structures, 75.9 percent of all structures, followed by mobile homes (21.5%). There are no multiunit structures in the PID area, compared to 38.8 percent of structures in the county as a whole. The percentage of mobile homes is higher than the county as a whole (3.3 percent.) These estimates do not take into account the multifamily housing proposed at the Velocity Crossing PID.

²⁶ Source: U.S. Census Bureau, Census 2010 Summary File 1 and Esri Housing Profile report. Esri forecasts for 2019 as presented through ArcGIS Community Analyst. Community Analyst is a Web-based system that allows users to view and analyze demographic and third-party sources of data.

Table 14. Structure Type²⁷

Type	Proposed Project Area	Travis County
1, detached	75.9%	53.4%
1, attached	0.0%	4.3%
2	0.0%	3.0%
3 or 4	0.0%	3.3%
5 to 9	0.0%	4.6%
10 to 19	0.0%	10.0%
20 or more	0.0%	17.9%
Mobile Home	21.5%	3.3%
Boat, RV, van etc.	0.7%	0.1%

MIDDLE-INCOME WORKFORCE HOUSING AFFORDABILITY ANALYSIS

“Workforce housing” is generally understood as housing that is affordable to households earning mid-range incomes, approximately 80%-140% of Median Family Income (MFI) for an area. These households typically have incomes that are too high to qualify for “Affordable Housing,” housing or programs that are usually targeted to households earning less than 80% of MFI. In areas such as Austin with rapidly increasing housing costs, households earning incomes in this range may find it difficult to locate a home with a price they can afford. Affordable is defined here as a household paying no more than 30% of gross income toward housing costs which includes mortgage, insurance, property taxes and utilities.

The table below identifies thirty percent of monthly income available for housing costs for a household of four. The amounts with red borders are based on the most current Median Family Income (MFI) chart for the Community Development Block Grant program, which went into effect on June 28, 2019. Please note the MFI criterion is based on the number of people in the household and the MFI criterion are updated annually.

Table 15. Affordable Housing Payment, by MFI²⁸

	80% Median Family Income	100% Median Family Income
Annual Income	\$75,500	\$95,900
Gross monthly income	\$6,292	\$7,992
30% of monthly income	\$1,888	\$2,398
	120% Median Family Income	140% Median Family Income
Annual Income	\$115,100	\$134,250
Gross monthly income	\$9,592	\$11,188
30% of monthly income	\$2,878	\$3,356

The following table shows the estimated monthly housing costs based on the anticipated home prices identified in the Longview PID Feasibility Study released on June 6, 2019. Because

²⁷ Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates and Esri Housing Summary report.

²⁸ Source: http://www.austintexas.gov/sites/default/files/files/Housing/Copy_of_MFI_Chart_Effective_6-28-2019.pdf

changes in the interest rate have a considerable impact on monthly mortgage payments, monthly housing cost estimates were generated using a range of interest rates from the prevailing daily rate of 3.70% to 6.00%.

The homeowner housing pricing proposed in the PID will provide affordable housing for households at 100-140% MFI, based on a four-person household. Please note that a significant interest rate increase would impact the availability of housing that would be affordable to households at these income levels.

Table 16. Calculation of House Payment, by Proposed Housing Prices within the PID²⁹

Housing Price	Down Payment (10%)	Mortgage Loan Amount	Monthly Housing Costs ^{30,31}		
			Mortgage Interest Rate		
			3.70%	5.00%	6.00%
\$223,590	\$22,359	\$201,231	\$1,665	\$1,819	\$1,945
\$231,823	\$23,182	\$208,641	\$1,726	\$1,886	\$2,017
\$262,452	\$26,245	\$236,207	\$1,954	\$2,135	\$2,283

Professions that are often associated with the category workforce housing include teachers, public sector employees, firefighters and law enforcement. As a point of reference the following table shows the salaries for some public sector employees and their monthly purchasing power for housing without being cost burdened at those income levels. For most homeownership opportunities, a dual earner household is necessary for homeownership.

Table 17. Public Sector Employees

	COA Fire Department	City of Austin ³²	Del Valle ISD ³³
Median Annual Income	\$79,800	\$62,358	\$48,000
Gross monthly income	\$4,121	\$5,196	\$4,000
30% of monthly income	\$1,995	\$1,558	\$1,200
	Travis County Pay Grade 14³⁴	Travis County Pay Grade 22³⁵	Travis County Pay Grade 32³⁶
Minimum Starting Annual Income	\$32,345 (\$15.55/hr)	\$55,578	\$109,380
Gross monthly income	\$2,695	\$4,613	\$9,115

²⁹ Based on housing pricing proposed in the PID.

³⁰ Monthly Housing Costs include monthly payments for mortgage principal and interest, property taxes, private mortgage insurance (PMI) and property insurance.

³¹ The housing monthly costs were calculated with the following assumptions: a 30 year fixed rate loan; the proposed property tax rate for the Longview PID of 3.05%; a 10% down payment; area average property insurance rates, and a PMI rate of 0.57%.

³² Source: Texas Tribune Government Salaries Explorer: <http://salaries.texastribune.org/agencies/> (downloaded 8/22/19)

³³ Source: https://www.glassdoor.com/Salary/Del-Valle-Independent-School-District-Teacher-Salaries-E261258_D_KO38,45.htm (downloaded 9/5/19)

³⁴ Travis County Pay Scale Chart, effective 10/1/17

³⁵ Ibid

³⁶ Ibid

30% of monthly income	\$808	\$1,389	\$2,734
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CONCLUSION

The regional housing market is likely to remain extremely competitive over the next several years, and low and middle income households may face challenges in finding affordable homes. The general lack of housing options in the area has constrained the market. In a constrained market with limited housing stock, additions to the housing stock can lower pricing. The proposed Longview 71 PID will add 1,500 units to the single-family detached housing stock, while multifamily housing located in the Velocity Crossing PID will expand the diversity of housing options in the PID area. Broadening these housing types means providing more opportunities for a wider variety of households to enter the real estate market.

All proposed units would be affordable to households earning 100% of MFI, with price points between \$223,590 and \$262,452. Dual income earner households of public sector employees will likely find this housing affordable.

E. Fair Housing Analysis

RACIAL, ETHNIC, AND INCOME CONCENTRATION

The PID area has a high concentration of Hispanic residents (70.6 percent versus 34.1 percent for the county), African Americans (10.6 percent versus 8.4 percent) and residents who identify as “Some Other Race” (23.3 percent versus 12.4 percent for the county). The site is not located in a racially/ethnically-concentrated area of poverty (R/ECAP); however, it is located in an impacted block group. While some opportunity factors scored low, planned growth and development in the area will likely increase opportunity scores over time.

From a demographic perspective, any housing created would need to be affirmatively marketed to populations that would not normally move into the area; essentially most populations except for Hispanic households.

APPROPRIATENESS OF AFFORDABLE HOUSING CREATION

Based on the data reviewed, there is a shortage of rental housing in this area with only 16 percent renter-occupied units compared to 44% for the county. While the Longview 71 PID will focus on single family homes, the Velocity Crossing PID will provide needed rental housing units to the area.

The Travis County CDBG program just published its PY19-23 Consolidated Plan. Part of that plan focuses on a housing market analysis which indicates that the quantity of starter homes outside the City of Austin boundaries needs to increase in order for market rate renters to move into homeownership. The Longview PID provides ownership opportunities for some single, but primarily dual earner households at 80%-140% MFI to move into homeownership.

Based on the current very low opportunity score, single-family composition of the PID, and lack of public transit options, it is our recommendation that the developer pay the 10% Community Benefit Fee as outlined in the Travis County PID policy.